
LaunchPAD Programme

Supplementary Prospectus dated 25 June 2012

SEVENTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND WARRANTS AND EIGHTEENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1 This supplement dated 25 June 2012 (this “**Supplement**”) constitutes the seventeenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Reverse Exchangeable Securities, (iv) Turbos and (v) Warrants; and the eighteenth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of Open End Certificates, each approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2 Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3 This Supplement is supplemental to, and should be read in conjunction with, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.

- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 On 24 February 2012, the registration document of The Royal Bank of Scotland plc dated 24 February 2012 (the “**RBS Registration Document**”) was published via the Regulatory News Service of the London Stock Exchange plc. The RBS Registration Document is incorporated by reference in each of the Base Prospectuses and has previously been filed with the AFM.
- 7 By virtue of this Supplement, the paragraphs under the sub-section entitled “Ratings” in the sub-section entitled “PART A: IN RELATION TO RBS N.V.” in the section of each of the Base Prospectuses entitled “General Information”, shall be deleted in their entirety and replaced with the following:

“Any rated Securities are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Securities.

Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS N.V. “BBB-”; and undated tier 2 notes issued by RBS N.V. “BB+”. Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. Moody’s Investors Service Limited (“**Moody’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A3”; senior notes issued by RBS N.V. with a maturity of less than one year “P-2”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis.

As defined by Standard & Poor’s, an “A” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an “A-1” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A “BBB” rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A “BB” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the Issuer’s inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by Standard & Poor’s, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an “A” rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions - 27 April 2011" published by Standard & Poor's (available at www.standardandpoors.com), (ii) the publication entitled "Rating Symbols and Definitions - June 2012" published by Moody's (available at www.moody's.com) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion - September 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as RBS N.V. is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus (to the extent they relate to this Part A), including documents incorporated by reference herein, have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies."

- 8 By virtue of this Supplement, the following information within the section entitled "Introduction" in the RBS Registration Document shall no longer be incorporated by reference in any of the Base Prospectuses:
 - 8.1 the final sentence of the fourth paragraph of such section, which begins with the words "Moody's Investors Service Limited";
 - 8.2 the seventh paragraph of such section, which begins with the words "As defined by Moody's"; and
 - 8.3 limb (ii) of the eighth paragraph of such section, which begins with the words "the ratings definitions set out above".
- 9 By virtue of this Supplement, the following shall be inserted as a new sub-section entitled "Ratings" in the sub-section entitled "PART B: IN RELATION TO RBS" in the section entitled "General Information" in each of the Base Prospectuses:

"Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A3"; senior notes issued by RBS with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "3" indicates that the obligation ranks in the lower end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled “Rating Symbols and Definitions - June 2012” published by Moody’s (available at www.moody.com).

The rating definitions set out in this Base Prospectus have been accurately reproduced from the sources identified above and, so far as RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.”.

- 10** The amendments described in paragraphs 7, 8 and 9 above arise following an announcement by Moody’s on 21 June 2012 of revisions to the expected ratings of notes issued by the Issuer and RBS, and those of certain other global banks and securities firms, reflecting changes in the Moody’s rating methodology to assess global capital markets business models and its broader concerns about the additional pressures arising from a difficult Euro-zone operating environment. The RBSG Group (as defined in each of the Base Prospectuses) believes the impacts of this downgrade are manageable, bearing in mind its £153 billion liquidity portfolio. The amount of collateral that may have to be posted by the RBSG Group following this downgrade by Moody’s is estimated to be £9 billion as of 31 May 2012.
- 11** By virtue of this Supplement, the following shall be inserted as a new sub-section entitled “Dutch Scheme - Proposals” in the sub-section entitled “PART A: IN RELATION TO RBS N.V.” in the section entitled “General Information” in each of the Base Prospectuses:

“On 18 June 2012, the Court of Session in Scotland made an order, inter alia, approving the completion of the Merger (as defined in the Registration Document) for the purposes of Article 11 of Directive 2005/56/EC of the European Parliament and the Council of the European Union. It is expected that the Dutch Scheme (as defined in the Registration Document) will take effect on 9 July 2012.”.
- 12** A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses are accessible on <http://markets.rbs.com/bparchive> or <http://markets.rbs.com/launchpad> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com.
- 13** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 14** Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 4 May 2012

FIFTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND WARRANTS AND SIXTEENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF OPEN END CERTIFICATES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1** This supplement dated 4 May 2012 (this “**Supplement**”) constitutes the fifteenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Reverse Exchangeable Securities, (iv) Turbos and (v) Warrants; and the sixteenth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of Open End Certificates, each approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2** Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.

- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieeltoezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 On 4 May 2012, The Royal Bank of Scotland Group plc (“**RBSG**”) published via the Regulatory News Service of the London Stock Exchange plc its unaudited Interim Management Statement Q1 2012 (the “**RBSG Interim Management Statement**”).
- 7 By virtue of this Supplement, the RBSG Interim Management Statement shall be incorporated in, and form part of, each of the Base Prospectuses.
- 8 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com.
- 9 If the documents which are incorporated by reference in each of the Base Prospectuses by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of any of the Base Prospectuses for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, each of the Base Prospectuses by virtue of this Supplement.
- 10 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 11 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 28 March 2012

**FOURTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN
END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND
WARRANTS**



THE ROYAL BANK OF SCOTLAND N.V.
(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.
LaunchPAD Programme
(the “**Programme**”)

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- 1 This supplement dated 28 March 2012 (this “**Supplement**”) constitutes the fourteenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
 - 2 Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
 - 3 This Supplement is supplemental to, and should be read in conjunction with, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.
 - 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses before this Supplement is published have the right, exercisable before the end of the period of two working days

beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 On 28 March 2012, RBS Holdings N.V. (“**RBS Holdings**”) and the Issuer published their registration document dated 28 March 2012 (the “**Registration Document**”).
- 7 On 23 March 2012, RBS Holdings published its annual report for the year ended 31 December 2011 (the “**2011 Annual Report of RBS Holdings**”) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011 (prepared in accordance with the International Financial Reporting Standards as adopted by the European Union). The audited consolidated annual financial statements of RBS Holdings appear on pages 107 to 213 of the 2011 Annual Report of RBS Holdings and the auditor's report thereon appears on page 215 of the 2011 Annual Report of RBS Holdings.
- 8 On 26 March 2012, The Royal Bank of Scotland plc (“**RBS**”) published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) its annual report and accounts for the year ended 31 December 2011 (the “**2011 Annual Report and Accounts of RBS**”).
- 9 On 9 March 2012, The Royal Bank of Scotland Group plc (“**RBSG**”) published via RNS its annual report and accounts for the year ended 31 December 2011 (the “**2011 Annual Report and Accounts of RBSG**”).
- 10 By virtue of this Supplement, the following documents (or sections of documents, as the case may be) shall be deemed to be incorporated in, and form part of, each of the Base Prospectuses:
 - 10.1 the Registration Document;
 - 10.2 the 2011 Annual Report of RBS Holdings (excluding the sections headed “Business Review — Risk Factors” on page 10 and “Additional Information — Risk factors” on pages 236 to 245);
 - 10.3 the 2011 Annual Report and Accounts of RBS (excluding the sections headed “Financial review — Risk factors” on page 6 and “Additional information — Risk factors” on page 283 to 296); and
 - 10.4 the following sections of the 2011 Annual Report and Accounts of RBSG:
 - (i) Independent auditor’s report on page 306;
 - (ii) Consolidated income statement on page 307;
 - (iii) Consolidated statement of comprehensive income on page 308;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
 - (v) Consolidated statement of changes in equity on pages 310 to 312;
 - (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;

- (xi) Chairman’s statement on page 9;
- (xii) Group Chief Executive’s review on pages 10 to 11;
- (xiii) Our key targets on page 13;
- (xiv) Our business and our strategy on pages 14 to 18;
- (xv) Divisional review on pages 19 to 29;
- (xvi) Business review on pages 32 to 249;
- (xvii) Corporate governance on pages 258 to 262;
- (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
- (xix) Directors’ remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors’ interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

10.5 the press release entitled “Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc: Dutch Scheme” (excluding the sections entitled “Unaudited pro forma condensed consolidated financial information relating to RBSH Group”, “Unaudited pro forma condensed consolidated balance sheet as at 31 December 2011”, “Unaudited pro forma condensed consolidated statement of income for the year ended 31 December 2011” and “Notes to pro forma financial information relating to RBSH Group” set out in the Appendix thereto) which was published by RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. via RNS on 26 March 2012.

11 The following amendments are made to each of the Base Prospectuses as a result of the publication (and incorporation by reference into each of the Base Prospectuses, by virtue of this Supplement) of the Registration Document, the 2011 Annual Report and Accounts of RBS Holdings, the 2011 Annual Report and Accounts of RBS and the 2011 Annual Report and Accounts of RBSG:

- 11.1 the section headed “Overview” in the section entitled “Summary” shall be deleted in its entirety and replaced with the paragraphs set out in Schedule 1;
- 11.2 the last paragraph under the heading “Group Organisational Structure” in the section entitled “Summary” shall be deleted in its entirety and replaced with the paragraphs set out in Schedule 2;

- 11.3 the paragraph set out in Schedule 3 shall be inserted between the second from last and penultimate paragraphs in the sub-section entitled “ABN AMRO” in the section entitled “Summary”;
 - 11.4 the bullet risk factors under the heading “Part A: In relation to RBS N.V.” in the sub-section entitled “Risk Factors – Risks Relating to the Issuer” in the section entitled “Summary” shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 4;
 - 11.5 the following documents (or sections of documents, as the case may be) shall no longer be incorporated by reference:
 - 11.5.1 the unaudited annual results of RBSG for the year ended 31 December 2011, which were published via RNS on 23 February 2012;
 - 11.5.2 the registration document of RBS Holdings and the Issuer dated 31 August 2011;
 - 11.5.3 the unaudited interim results of RBS Holdings for the half year ended 30 June 2011, which were published via RNS on 31 August 2011;
 - 11.5.4 the unaudited Interim Results 2011 of RBS for the six months ended 30 June 2011, which were published via RNS on 26 August 2011;
 - 11.5.5 all sections previously incorporated by reference, of the 2009 annual report and accounts of RBS (including the audited consolidated financial statements of RBS, together with the audit report thereon) for the year ended 31 December 2009, which were published via RNS on 9 April 2010;
 - 11.5.6 all sections previously incorporated by reference, of the 2009 annual report and accounts of RBSG, which were published via RNS on 18 March 2010;
 - 11.5.7 the sub-section entitled “Assets, owners’ equity and capital ratios” in the section of the RBS registration document dated 24 February 2012 (the “**RBS Registration Document**”) entitled “Description of the Royal Bank of Scotland plc”; and
 - 11.5.8 the sub-section entitled “No Significant Change and No Material Adverse Change” in the section of the RBS Registration Document entitled “General Information”;
 - 11.6 the sub-section entitled “No Significant Change and No Material Adverse Change” at the end of the section entitled “Form of Final Terms” shall be deleted in its entirety and replaced with the paragraphs set out in Schedule 5; and
 - 11.7 a new sub-section entitled “PART B: IN RELATION TO RBS” shall be inserted at the end of the section entitled “General Information”, as set out in Schedule 6.
- 12 By virtue of paragraphs 10 and 11.5 of this Supplement, the section in each of the Base Prospectuses headed “Documents Incorporated by Reference” shall be deleted in its entirety and replaced with the amended version of such section as set out in Schedule 7 to this Supplement.
 - 13 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com.
 - 14 If the documents which are incorporated by reference in each of the Base Prospectuses by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or

implicitly, such information or other documents will not form part of any of the Base Prospectuses for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, each of the Base Prospectuses by virtue of this Supplement.

- 15** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 16** Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

Schedule 1

Overview:

The Issuer is a bank licensed and regulated by the Dutch Central Bank (*De Nederlandsche Bank*).

The Issuer operates on a significant scale across Europe, the Middle East and Africa (EMEA), the Americas and Asia. The Group had total consolidated assets of €146.7 billion and owner's equity of €3.318 billion as at 31 December 2011. The Group's capital ratios as at 31 December 2011 were a total capital ratio of 17.5 per cent., a Core Tier 1 capital ratio of 8.4 per cent. and a Tier 1 capital ratio of 12.0 per cent.

RBS Holdings and RBS N.V. form part of the RBSG Group. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the RBSG Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, RBS and National Westminster Bank Plc ("**NatWest**"). Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the RBSG Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The RBSG Group had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The RBSG Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

The RBS Group had total assets of £1,432.8 billion and owners' equity of £61.7 billion as at 31 December 2011. The RBS Group's capital ratios as at 31 December 2011 were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

Schedule 2

These RBS N.V. businesses are part of global business units of the RBSG Group that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall business strategy of the RBSG Group. RBS Holdings has been restructured into Core and Non-Core components. The RBSG Group expects to substantially run down or dispose of the businesses, assets and portfolios within the Non-Core division by the end of 2013 and during the course of 2010 and 2011, it concluded the sales of businesses in Latin America, Asia, Europe and the Middle East.

In January 2012, the RBSG Group announced changes to its wholesale banking operations in light of a changed market and regulatory environment. The changes will see the reorganisation of the RBSG Group's wholesale businesses into 'Markets' and 'International Banking' and the exit and downsizing of selected activities. The changes will ensure the wholesale businesses continue to deliver against the RBSG Group's strategy.

Schedule 3

On 26 March 2012, the Group announced that (1) RBS N.V. (as the demerging company) and RBS II B.V. (as the acquiring company) had that day filed a proposal with the Dutch Trade Register for a legal demerger and (2) following a preliminary hearing at the Court of Session in Scotland, RBS and RBS II B.V. had that day made filings with Companies House in the UK and the Dutch Trade Register respectively for a proposed cross-border merger of RBS II B.V. into RBS (together with the proposal for the legal demerger, the “**Proposals**”). Upon implementation of the Proposals, a substantial part of the business conducted by RBS N.V. in The Netherlands as well as in certain EMEA branches of RBS N.V. (the “**Transferring Businesses**”) will be transferred to RBS. The Proposals will be implemented by the demerger of the Transferring Businesses into RBS II B.V. (a Dutch company licensed as a bank in The Netherlands that has been established specifically for the purposes of the Dutch Scheme (as defined below)) by way of a Dutch statutory demerger (the “**Demerger**”), followed by the merger of RBS II B.V. into RBS through a cross-border merger (the “**Merger**” and, together with the Demerger, the “**Dutch Scheme**”). RBS and RBS N.V. have discussed the Dutch Scheme in detail with De Nederlandsche Bank and the Financial Services Authority. Implementation of the Dutch Scheme is subject, amongst other matters, to regulatory and court approvals. If granted, the regulatory approvals will be granted on the basis that the Demerger will not proceed unless the Merger is to proceed thereafter. Subject to these matters, it is expected that the Dutch Scheme will take effect on 9 July 2012.

Schedule 4

- The Group is reliant on the RBSG Group.
- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The Group's ability to meet its obligations including its funding commitments depends on the Group's ability to access sources of liquidity and funding.
- The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group's business, results of operations, financial condition, capital ratios and liquidity and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V.
- As a condition to the RBSG Group receiving HM Treasury support, the Group is prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments, which may impair the Group's ability to raise new capital through the issuance of Securities.
- The financial performance of the Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the Group's businesses.
- The Group's operations have inherent reputational risk.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- Risks relating to the Asset Protection Scheme and the Contracts.
- The extensive governance, asset management and information requirements under the Scheme Conditions, which the Group is required to comply with, or to ensure that RBS can comply with, pursuant to the Contracts may have an adverse impact on the Group and the expected benefits of the Asset Protection Scheme.
- Any changes to the expected regulatory capital treatment of the Contracts may have a material adverse impact on the Group.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors. A similar cross liability will also arise in connection with the Dutch Scheme.

Schedule 5

No Significant Change and No Material Adverse Change

There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information of the Group has been published); and

There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2011 (the date of the last published audited financial information of the Group).

Schedule 6

PART B: IN RELATION TO RBS

Recent Developments

Assets, Owners' Equity and Capital Ratios

The RBSG Group had total assets of £1,507 billion and owners' equity of £75 billion as at 31 December 2011. The RBSG Group's capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

The RBS Group had total assets of £1,432.8 billion and owners' equity of £61.7 billion as at 31 December 2011. The RBS Group's capital ratios as at 31 December 2011 were a total capital ratio of 14.6 per cent., a Core Tier 1 capital ratio of 9.2 per cent. and a Tier 1 capital ratio of 11.0 per cent.

No Significant Change and No Material Adverse Change

There has been no significant change in the financial position of the RBS Group taken as a whole since 31 December 2011 (the end of the last financial period for which audited financial information has been published).

There has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2011 (the date of the last published audited financial information of the RBS Group).

Schedule 7

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft) 2007*) (the “**Competent Authority**”) shall be deemed to be incorporated in, and to form part of, each Base Prospectus:

PART A: IN RELATION TO RBS N.V.

1. The registration document of RBS Holdings N.V. (“**RBS Holdings**”) and the Issuer dated 28 March 2012 (the “**Registration Document**”).
2. The relevant prospectus dated 1 July 2010 relating to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants (excluding the sections entitled “Summary” and “Form of Final Terms”).
3. The 2011 Annual Report of RBS Holdings (excluding the sections headed “Business Review - Risk factors” on page 10 and the section headed “Additional Information – Risk factors” on pages 236 to 245) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2011.
4. The 2010 Annual Report of RBS Holdings (excluding the sections headed “Business Review - Risk factors” on page 9 and the section headed “Additional Information – Risk factors” on pages 221 to 231) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010.
5. The Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this Base Prospectus.
6. the press release entitled “Further step in proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc: Dutch Scheme” (excluding the sections entitled “Unaudited pro forma condensed consolidated financial information relating to RBSH Group”, “Unaudited pro forma condensed consolidated balance sheet as at 31 December 2011”, “Unaudited pro forma condensed consolidated statement of income for the year ended 31 December 2011” and “Notes to pro forma financial information relating to RBSH Group” set out in the Appendix thereto) which was published by RBSG, RBS, RBS Holdings, RBS N.V. and RBS II B.V. via RNS on 26 March 2012.

PART B: IN RELATION TO RBS

1. The registration document of RBS dated 24 February 2012, which was published via which was published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) on 24 February 2012 (the “**RBS Registration Document**”), excluding:
 - (i) the sub-section entitled “Assets, owners’ equity and capital ratios” on page 26;

- (ii) the sub-section entitled “No Significant Change and No Material Adverse Change” on page 63; and
 - (iii) the sub-section entitled “Material Contracts” on page 64.
2. The annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2011 (excluding the sections headed “Financial review — Risk factors” on page 5 and “Additional information — Risk factors” on pages 283 to 296) published on 26 March 2012.
 3. The annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections headed “Financial Review — Risk factors” on page 5 and “Additional Information — Risk Factors” on pages 238 to 254) published on 15 April 2011.
 4. The following sections of the 2011 annual report and accounts of RBSG which was published by RBSG on 9 March 2012:
 - (i) Independent auditor’s report on page 306;
 - (ii) Consolidated income statement on page 307;
 - (iii) Consolidated statement of comprehensive income on page 308;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
 - (v) Consolidated statement of changes in equity on pages 310 to 312;
 - (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman’s statement on page 9;
 - (xii) Group Chief Executive’s review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 19 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;
 - (xix) Directors’ remuneration report on pages 274 to 295;
 - (xx) Report of the Directors on pages 298 to 302;
 - (xxi) Directors’ interests in shares on page 303;

- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483.

5. The following sections of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011:

- (i) Independent auditor's report on page 267;
- (ii) Consolidated income statement on page 268;
- (iii) Consolidated statement of comprehensive income on page 269;
- (iv) Balance sheets as at 31 December 2010 on page 270;
- (v) Statements of changes in equity on pages 271 to 273;
- (vi) Cash flow statements on page 274;
- (vii) Accounting policies on pages 275 to 286;
- (viii) Notes on the accounts on pages 287 to 385;
- (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 5;
- (xii) Our key targets on page 7;
- (xiii) Our business and our strategy on pages 8 to 19;
- (xiv) Divisional review on pages 20 to 41;
- (xv) Business review on pages 49 to 224;
- (xvi) Report of the Directors on pages 230 to 234;
- (xvii) Corporate governance on pages 235 to 245;
- (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;

- (xix) Directors' remuneration report on pages 248 to 263;
- (xx) Directors' interests in shares on page 264;
- (xxi) Financial summary on pages 387 to 395;
- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439.

PART C: IN RELATION TO BOTH RBS N.V. AND RBS

If the documents which are incorporated by reference in this Base Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus.

In relation to those documents of which only part thereof is incorporated by reference in this Base Prospectus, those parts of such documents which are not incorporated either are not relevant for the investor or are covered elsewhere in this Base Prospectus.

Copies of the above documents:

- are accessible at <http://markets.rbs.com/bparchive>; or
- can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com; or
- can be obtained (in the case of the Part A documents for RBS N.V.) at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and (in the case of the Part B documents for RBS) the registered office of RBS at 36 St Andrew Square, Edinburgh EH2 2YB.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Base Prospectus for use in connection with any subsequent issue of Securities.

This Base Prospectus and any supplement will be valid for listing Securities on Euronext Amsterdam by NYSE Euronext and/or any other exchange in an unlimited aggregate nominal amount.

MATERIAL CHANGES

Material changes of the Issuer's financial position since the date of this Base Prospectus will trigger the need for a supplement to this Base Prospectus under Article 16 of Directive 2003/71/EC and Swiss Listing Rule Scheme F 2.2.5. Any supplements to this Base Prospectus are accessible at <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

LaunchPAD Programme

Supplementary Prospectus dated 24 February 2012

**THIRTEENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN
END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND
WARRANTS**



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

-
- 1** This supplement dated 24 February 2012 (this “**Supplement**”) constitutes the thirteenth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
 - 2** Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
 - 3** This Supplement is supplemental to, and should be read in conjunction with, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.
 - 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses before this Supplement is published have the right, exercisable before the end of the period of two working days

beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 On 23 February 2012, The Royal Bank of Scotland Group plc (“**RBSG**”) published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) its unaudited annual results for the year ended 31 December 2011 (the “**2011 Annual Results of RBSG**”).
- 7 On 24 February 2012, the Royal Bank of Scotland plc (“**RBS**”) published via RNS, a registration document dated 24 February 2012 (the “**RBS Registration Document**”).
- 8 On 24 February 2012, the RBSG published via RNS, a registration document dated 24 February 2012 (the “**RBSG Registration Document**”).
- 9 By virtue of this Supplement, the following documents (or sections of documents, as the case may be) shall be deemed to be incorporated in, and form part, of each of the Base Prospectuses:
 - 9.1 the 2011 Annual Results of RBSG;
 - 9.2 the RBS Registration Document; and
 - 9.3 the section headed “Risk Factors” on pages 3 to 25 of the RBSG Registration Document.
- 10 The following amendments are made to each of the Base Prospectuses as a result of the publication (and incorporation by reference into each of the Base Prospectuses, by virtue of this Supplement) of the 2011 Annual Results of RBSG and the RBS Registration Document:
 - 10.1 the second from last and penultimate paragraphs under the heading “Overview” in the section entitled “Summary” shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 1;
 - 10.2 the sub-sections entitled “Separation from the ABN AMRO Group” and “Proposed transfer of activities” in the section entitled “Summary” shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 2;
 - 10.3 the bullet risk factors under the heading “Part B: In relation to RBS N.V. and RBS” in the sub-section entitled “Risk Factors – Risks Relating to the Issuer” in the section entitled “Summary” shall be deleted in their entirety and replaced with the paragraphs set out in Schedule 3;
 - 10.4 the following documents (or sections of documents, as the case may be) shall no longer be incorporated by reference:
 - 10.4.1 the press release headed “The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc and National Westminster Bank Plc – Clarification of Contractual Position Relating to Payments Under Preference Shares and Subordinated Securities” published via RNS on 20 October 2009;
 - 10.4.2 the following sections of the Shareholder Circular published by RBSG on 27 November 2009:
 - (i) “Financial Information” on page 5;
 - (ii) “Part I – Letter From the Chairman of RBS” on pages 10 to 20;

- (iii) “Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share” on pages 76 to 84;
 - (iv) “Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan” on pages 85 to 86;
 - (v) “Part VI – Definitions” on pages 121 to 133; and
 - (vi) “Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share” on pages 134 to 170;
- 10.4.3 the financial information on page 51, pages 56 to 77, pages 106 to 118 and page 131 which is indicated as being “pro forma” in the 2010 annual report and accounts of RBSG, which were published by RBSG via RNS on 17 March 2011;
- 10.4.4 the press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” (excluding (i) the statement therein which reads “Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement” and (ii) the Appendix thereto) which was published by RBSG via RNS on 19 April 2011;
- 10.4.5 the press release entitled “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by the Issuer on 22 July 2011;
- 10.4.6 the registration document of RBS dated 5 August 2011, which was published via RNS on 5 August 2011;
- 10.4.7 the section headed “Risk Factors” of the registration document of RBSG dated 5 August 2011, which was published via RNS on 5 August 2011;
- 10.4.8 the unaudited Interim Results 2011 of RBSG for the six months ended 30 June 2011, which were published via RNS on 5 August 2011; and
- 10.4.9 the unaudited “Interim Management Statement Q3 2011” of RBSG for the third quarter ended 30 September 2011, which was published via RNS on 4 November 2011;
- 10.5 the sub-section entitled “Unaudited Pro Forma Financial Information” under the section entitled “Documents Incorporated by reference” shall be deleted in its entirety; and
- 10.6 the sub-section entitled “PART B: IN RELATION TO RBS” in the section entitled “General Information” shall be deleted in its entirety.
- 11** By virtue of this Supplement, the paragraph entitled “Payments on the Securities may be subject to U.S. withholding tax and/or early termination on account of U.S. withholding tax” in the sub-section entitled “Factors which are material for the purpose of assessing the market risks associated with Securities issued” under the section headed “Risk Factors”, shall be deleted in its entirety and replaced by the paragraph set out in Schedule 4.
- 12** The following update applies to each Base Prospectus, except the Certificates Base Prospectus: by virtue of this Supplement, the sub-section entitled “United States” under the section entitled “Taxation”, shall be deleted in its entirety.
- 13** The following update applies only to the Certificates Base Prospectus: By virtue of this Supplement, the following changes are deemed to be made in the sub-section entitled “The United States of America” under the section entitled “Taxation”:

- 13.1 the paragraph entitled “Withholding on Dividend Equivalent Payments” shall be deleted in its entirety and replaced with the paragraph set out in Schedule 5; and
- 13.2 the sub-section entitled “FATCA Withholding” shall be deleted in its entirety.
- 14** A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com.
- 15** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 16** Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

Schedule 1

RBS Holdings and RBS N.V. form part of the RBSG Group. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the RBSG Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, RBS and National Westminster Bank Plc (“**NatWest**”). Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group’s subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the RBSG Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The RBSG Group had total assets of £1,507 billion and owners’ equity of £75 billion as at 31 December 2011. The RBSG Group’s capital ratios as at 31 December 2011 were a total capital ratio of 13.8 per cent., a Core Tier 1 capital ratio of 10.6 per cent. and a Tier 1 capital ratio of 13.0 per cent.

Schedule 2

ABN AMRO

In 2007, RFS Holdings B.V., which was jointly owned by the RBSG Group, the Dutch State (successor to Fortis Bank Nederland (Holding) N.V.) and Banco Santander, S.A. (together, the “**Consortium Members**”), completed the acquisition of ABN AMRO Holding N.V.

On 6 February 2010, the businesses of ABN AMRO Holding N.V. acquired by the Dutch State were legally demerged to a newly established company, ABN AMRO Bank N.V, which on 1 April 2010 was transferred to ABN AMRO Group N.V., itself owned by the Dutch State.

Following legal separation, RBS Holdings (formerly ABN AMRO Holding N.V.) has one operating subsidiary, RBS N.V., a fully operational bank within the RBSG Group. RBS N.V. is independently rated and regulated by the Dutch Central Bank. Certain assets within RBS N.V. continue to be shared by the Consortium Members.

On 19 April 2011, the RBSG Group announced the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the “**Proposed Transfers**”). Subject to, among other matters, regulatory and other approvals, it is expected that the transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the transfers is expected to have taken place by the end of 2012.

On 17 October 2011, the RBSG Group completed the transfer of a substantial part of the UK activities of RBS N.V. to RBS pursuant to Part VII of the UK Financial Services and Markets Act 2000.

Approximately 98 per cent. of the issued share capital of RFS Holdings B.V. is now held by the RBSG Group.

Schedule 3

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009 which may result in various actions being taken in relation to any securities issued by RBS.
- The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The UK Government has indicated that it supports and intends to implement the recommendations substantially as proposed, which could have a material adverse effect on the RBSG Group.
- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the RBSG Group.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- The RBSG Group's ability to meet its obligations including its funding commitments depends on the RBSG Group's ability to access sources of liquidity and funding.
- The financial performance of the RBSG Group has been, and continues to be, materially affected by deteriorations in borrower and counterparty credit quality and further deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments.
- The RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.

- The RBSG Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is and may be subject to litigation and regulatory investigations that may have a material impact on its business.
- The RBSG Group's results could be adversely affected in the event of goodwill impairment.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the RBSG Group's businesses.
- HM Treasury (or UKFI on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.
- RBSG Group's insurance businesses are subject to inherent risks involving claims.
- The RBSG Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- The RBSG Group's participation in the asset protection scheme is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions may have an adverse impact on the RBSG Group and the expected benefits of the asset protection scheme.

- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares or the contingent B shares may have a material adverse impact on the RBSG Group.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the RBS Group's results.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.

Schedule 4

Payments on the Securities may be subject to U.S. withholding tax and/or early termination on account of U.S. withholding tax

Due to recently enacted U.S. legislation, payments on any Security that are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”) may become subject to a 30% U.S. withholding tax when made to a beneficial owner that is not: (i) a citizen or individual resident of the United States, as defined in Section 7701(b) of the U.S. Internal Revenue Code, (ii) a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organised in or under the laws of the United States, any State thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source; or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust, or (y) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person, (a “**Non-U.S. holder**”). The imposition of this U.S. withholding tax will reduce the amounts received by Non-U.S. holders. Neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Non-U.S. holders in respect of such U.S. withholding. Additionally, the Issuer may elect to terminate the Securities, in accordance with General Condition 3(b), should this U.S. withholding tax apply to any current or future payments on the Security. If a Non-U.S. holder becomes subject to this withholding tax, the Non-U.S. holder may be able to claim an exemption under its applicable double tax treaty. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change.

Schedule 5

Withholding on Dividend Equivalent Payments

Recently enacted U.S. legislation imposes a 30% U.S. withholding tax on payments that are directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”). The type of payments that constitute Dividend Equivalent Payments subject to this withholding tax is not entirely clear. Payments on Securities (including, but not limited to, the Equity Certificates) with equity in U.S. entities, or indices that include equity in U.S. entities, as the Underlying, or that reference dividend payments made by U.S. entities, could become subject to this withholding tax. Non-U.S. holders may be able to claim the benefits of a double tax treaty to reduce this withholding. Additionally, amounts paid pursuant to an early termination made in accordance with General Condition 3(b) could be subject to withholding if they are deemed to be Dividend Equivalent Payments. Neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Non-U.S. holders in respect of any U.S. withholding imposed on any Dividend Equivalent Payment. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change. Non-U.S. holders should consult their tax advisers about possibility of U.S. withholding on payments made on Securities (including, but not limited to, the Equity Certificates).

LaunchPAD Programme

Supplementary Prospectus dated 13 January 2012

**TWELFTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN
END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND
WARRANTS**



THE ROYAL BANK OF SCOTLAND N.V.
(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**”)

The Royal Bank of Scotland N.V.
LaunchPAD Programme
(the “**Programme**”)

-
- 1 This supplement dated 13 January 2012 (this “**Supplement**”) constitutes the twelfth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
 - 2 Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
 - 3 This Supplement is supplemental to, and should be read in conjunction with, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.
 - 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses before

this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 On 12 January 2012, The Royal Bank of Scotland Group plc announced details of strategic and organisational changes in its investment banking and wholesale businesses, which announcement was approved by, or filed with, the United Kingdom Financial Services Authority (the “FSA”) and published via the Regulatory News Service of the London Stock Exchange plc on 12 January 2012 (the “Announcement”).
- 7 By virtue of this Supplement, the Announcement, which has been (1) previously published and (2) approved by the FSA or filed with it, shall be deemed to be incorporated in, and form part, of each of the Base Prospectuses.
- 8 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com.
- 9 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 10 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 1 December 2011

**ELEVENTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN
END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND
WARRANTS**



THE ROYAL BANK OF SCOTLAND N.V.

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

(the “**Issuer**” or “**RBS N.V.**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1** This supplement dated 1 December 2011 (this “**Supplement**”) constitutes the eleventh supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2** Each of the Base Prospectuses were approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in each of the Base Prospectuses have the same meanings when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectuses before

this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 By virtue of this Supplement, in the sub-section entitled “Ratings” in the section entitled “General Information – Part A: In relation to RBS N.V.” in each of the Base Prospectuses, the following changes shall be made:
 - 6.1 the first sentence of the second paragraph shall be deleted and replaced with the following:

“Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS N.V. “BBB-”; and undated tier 2 notes issued by RBS N.V. “BB+”.”;
 - 6.2 the words “the publication entitled “Standard & Poor’s Ratings Definitions – 27 April 2011” published by Standard & Poor’s” in the sixth paragraph shall be deleted and replaced with the following:

“the publication entitled “Standard & Poor’s Ratings Definitions – 1 November 2011” published by Standard & Poor’s”.
- 7 By virtue of this Supplement, in the sub-section entitled “Ratings” in the section entitled “General Information – Part B: In relation to RBS” in each of the Base Prospectuses, the following changes shall be made:
 - 7.1 the first sentence of the second paragraph shall be deleted and replaced with the following:

“Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) is expected to rate: senior notes issued by RBS with a maturity of one year or more “A”; senior notes issued by RBS with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS “BBB-”; and undated tier 2 notes issued by RBS “BB+”.”;
 - 7.2 the words “the publication entitled “Standard & Poor’s Ratings Definitions – 27 April 2011” published by Standard & Poor’s” in the sixth paragraph shall be deleted and replaced with the following:

“the publication entitled “Standard & Poor’s Ratings Definitions – 1 November 2011” published by Standard & Poor’s”.
- 8 For the avoidance of doubt, references to the second paragraph and the sixth paragraph in sections 6 and 7 above are to them as amended by sections 10 and 12 of the ninth supplement to the Base Prospectuses dated 8 November 2011 (the “**Ninth Supplement**”).
- 9 On 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the “**Registration Document**”) was published via the Regulatory News Service of the London Stock Exchange plc. The Registration Document is incorporated by reference in each of the Base Prospectuses and has previously been filed with the AFM.
- 10 By virtue of this Supplement:

- 10.1 the fifth paragraph in the sub-section entitled “Other investigations” under the section entitled “Description of the Royal Bank of Scotland plc - Investigations” on pages 42 and 43 of the Registration Document, shall no longer be incorporated by reference in each of the Base Prospectuses; and
- 10.2 the following shall be inserted after the sub-section entitled “Recent Developments - Litigation - Other securitisation and securities related litigation in the United States” in the section entitled “General Information – Part A: In relation to RBS” (which sub-section was incorporated into each of the Base Prospectuses by virtue of the section 15 of the Ninth Supplement) in each of the Base Prospectuses:

“Other Investigations

In July 2010, the FSA notified the RBSG Group that it was commencing an investigation into the sale by Coutts & Co of the ALICO (American Life Insurance Company) Premier Access Bond Enhanced Variable Rate Fund (“EVRF”) to customers between 2001 and 2008 as well as its subsequent review of those sales. Subsequently on 11 January 2011, the FSA revised the investigation start date to December 2003.

On 8 November 2011, the FSA published its Final Notice having reached a settlement with Coutts & Co, under which Coutts & Co agreed to pay a fine of £6.3 million. The FSA did not make any findings on the suitability of advice given in individual cases. Nonetheless, in order to address the possibility that unsuitable advice may potentially have been given in relation to the EVRF, Coutts & Co has agreed to undertake a past business review of its sales of the product. This review will be overseen by an independent third party and will consider the advice given to customers invested in the EVRF as at the date of its suspension, 15 September 2008. As part of the review, Coutts & Co may identify clients affected by the FSA’s findings and will offer them redress.”.

- 11 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in each of the Base Prospectuses are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com.
- 12 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any of the Base Prospectuses or any previous supplement to the Base Prospectuses, the statements referred to in (a) above will prevail.
- 13 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 9 November 2011

TENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 9 November 2011 (this **Supplement**) constitutes the tenth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5** The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 6 The following amendments are made to the Base Prospectus by virtue of this Supplement:
- 6.1 in the section entitled “Summary – Risk Factors – Risks Relating to the Securities”, after the bullet point risk factor which reads:
- “The Issuer may make modifications to the Securities without the consent of the Holders which may affect the Holders’ interest for the purpose of curing an error or ambiguity, substituting itself as debtor or in any other manner which is not materially prejudicial to the interests of the Holders.”,
- the following shall be inserted as a new bullet point risk factor:
- “The amounts which Holders receive in respect of their Securities may be affected in the event that the Issuer substitutes another entity for itself as issuer.”;
- 6.2 in the section entitled “Risk Factors”, after the risk factor entitled “Modification, waivers and substitution”, the following shall be inserted as a new risk factor:
- “The amounts which Holders receive in respect of their Securities may be affected in the event that the Issuer substitutes another entity for itself as issuer***
- The amounts which Holders receive in respect of their Securities may be affected in the event that the Issuer substitutes another entity for itself as issuer of the Securities under General Condition 8. Securities may provide for payments of amounts (either on an ongoing basis or on maturity) reflecting dividends or distributions in respect of certain underlying shares, funds or reference assets, net of certain taxes. The amounts of such taxes may potentially be affected in the event that the Issuer substitutes another entity for itself as issuer of the Securities under General Condition 8, for example as a result of a different double tax treaty becoming relevant, or as a result of credits or refunds no longer being available for the purposes of Dutch corporate income tax, which could result in the Holder receiving lesser (or potentially, in certain circumstances, greater) amounts under the Securities.”; and
- 6.3 the section set out in the Schedule to this Supplement shall be added as a new section to the Base Prospectus immediately following the section entitled “Conditions: General Conditions”.
- 7 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 8 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 9 Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

SCHEDULE

GENERAL CONDITIONS: SUBSTITUTION CONDITIONS

1. DEFINITIONS AND INTERPRETATION

- (a) Terms in capitals which are not defined in these Substitution Conditions shall have the meanings ascribed to them in the General Conditions, the Product Conditions or the applicable Final Terms.
- (b) The Substitution Conditions are intended to address the possible changes which (if applicable) would be deemed to be made to the General Conditions, the Product Conditions and the Form of Final Terms in the event of a substitution of the Issuer (as more particularly described in section 2 below). In the event that any capitalised terms used in these Substitution Conditions (which are not otherwise defined in these Substitution Conditions) are not defined in any of the General Conditions, the Product Conditions or the applicable Final Terms, such terms shall be inapplicable.

2. APPLICATION

In the event of a substitution of the Issuer in accordance with General Condition 8(a)(i) and the Substitute is RBS, the General Conditions, the Product Conditions and the Form of Final Terms shall be deemed to be amended, upon such substitution, as set out below:

- (a) Any reference (however worded and whether express or implied) in the General Conditions or the relevant Product Conditions to:
 - (i) RBS N.V. (or any former name of RBS N.V.) shall, unless the context requires that a reference also continues to be made to RBS N.V. (or any former name of RBS N.V.), be construed as a reference to RBS and any reference to RBS N.V.'s company registration and contact details shall be substituted by a reference to the RBS's company registration and contact details or such contact details as the RBS shall direct;
 - (ii) any director, officer, representative or employee of RBS N.V., shall be construed as a reference to the directors, officers, representatives or employees of RBS or to such director, officer, representative or employee of RBS as RBS may nominate for that purpose;
 - (iii) a rate, charge, tariff or scale of fees or to terms or conditions published, determined, ascertained, varied or amended from time to time by RBS N.V.

shall afford to RBS the same right under the General Conditions and/or the relevant Product Conditions as RBS N.V. had to publish, determine, ascertain, vary or amend such rates, charges, tariffs, scales of fees, terms or conditions;

- (iv) “De Nederlandsche Bank” or “DNB” shall be construed as a reference to the Financial Services Authority (or such successor governmental department, regulatory authority or other official body from time to time exercising supervisory powers in relation to financial services in the United Kingdom) unless such reference relates to past consents, authorisations, approvals and/or decisions of DNB or the context requires otherwise; and
 - (v) a website of RBS N.V. or the website “www.abnamro.com” shall be construed as a reference to the equivalent website of RBS.
- (b) Where the General Conditions or relevant Product Conditions specify an event of default referable to:
- (i) the winding-up, liquidation or bankruptcy of the issuer; and
 - (ii) a declaration in respect of the issuer being made under Chapter X of the Dutch 1992 Act on the Supervision of the Credit System (*Wet toezicht kredietwezen 1992*) or under Chapter 3.5 or 3.5.5 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*),
- or words or expressions to similar effect, such references shall instead be deemed to refer to the issuer becoming subject to (a) bank administration or bank insolvency under the United Kingdom Banking Act 2009 or (b) administration or liquidation under the United Kingdom Insolvency Act 1986, but shall be deemed to exclude any order or resolution for the solvent liquidation of the issuer which is made or passed in connection with a merger, consolidation or other form of combination with another company where such company assumes all obligations contracted by the issuer in connection with the relevant Security.
- (c) Where the General Conditions, Product Conditions or Form of Final Terms refer to:
- (i) RBS N.V. acting through “its London branch at 250 Bishopsgate, London EC2M 4AA” (or make substantially similar provision), such references shall be replaced by references to RBS acting through “its principal office at 250 Bishopsgate, London EC2M 4AA or its principal office in London for the time being”;

- (ii) RBS N.V. acting through “its principal office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands” or “its principal office at Gustav Mahlerlaan 350, 1082 ME Amsterdam, The Netherlands” (or make substantially similar provision), such references shall be replaced by references to RBS acting through “its Amsterdam branch” or if such branch is not in existence, such references shall be made instead to RBS without reference to a branch; and
- (iii) “The Royal Bank of Scotland N.V., Amsterdam”, such references shall be replaced by references to “The Royal Bank of Scotland plc, Edinburgh”.

LaunchPAD Programme

Supplementary Prospectus dated 8 November 2011

NINTH SUPPLEMENT TO THE BASE PROSPECTUSES IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF CERTIFICATES, NOTES, OPEN END CERTIFICATES, REVERSE EXCHANGEABLE SECURITIES, TURBOS AND WARRANTS



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the “**Issuer**” or “**RBS N.V.**”)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the “**Programme**”)

- 1** This Supplement dated 8 November 2011 (this “**Supplement**”) constitutes the ninth supplement to each of the base prospectuses dated 1 July 2011 in relation to the Issuer’s LaunchPAD Programme for the issuance of (i) Certificates, (ii) Notes, (iii) Open End Certificates, (iv) Reverse Exchangeable Securities, (v) Turbos and (vi) Warrants approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the “**AFM**”) on 1 July 2011 (the “**Base Prospectuses**” and, each, a “**Base Prospectus**”).
- 2** Each of the Base Prospectuses was approved as a base prospectus pursuant to Directive 2003/71/EC (the “**Prospectus Directive**”) by the AFM. This Supplement constitutes a supplemental prospectus to each of the Base Prospectuses for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, each of the Base Prospectuses and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectuses have the same meanings when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under any of the Base Prospectuses before this Supplement is published have the right, exercisable before the end of the period of two working days

beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 On 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the “**RBS Registration Document**”) was published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”). The RBS Registration Document is incorporated by reference in each of the Base Prospectuses and has previously been filed with the AFM.
- 7 On 4 November 2011, the unaudited “Interim Management Statement Q3 2011” of The Royal Bank of Scotland Group plc (the “**RBSG Interim Management Statement**”) for the third quarter ended 30 September 2011 was published via RNS.
- 8 By virtue of this Supplement, the RBSG Interim Management Statement shall be deemed to be incorporated in, and form part of, each of the Base Prospectuses.
- 9 By virtue of this Supplement, the fourth through to the tenth paragraph (inclusive) of the section of the RBS Registration Document entitled “Introduction” shall no longer be incorporated by reference in any of the Base Prospectuses.
- 10 By virtue of this Supplement, the paragraphs under the sub-section entitled “Ratings” in the section of each of the Base Prospectuses entitled “General Information – Part A: In relation to RBS N.V.”, shall be deleted in their entirety and replaced with the following:

“Any rated Securities are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Securities.

Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A+”; senior notes issued by RBS N.V. with a maturity of less than one year “A-1”; dated subordinated notes issued by RBS N.V. “BBB+”; and undated tier 2 notes issued by RBS N.V. “BB+”. Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. Moody’s Investors Service Limited (“**Moody’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A2”; senior notes issued by RBS N.V. with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis.

As defined by Standard & Poor’s, an “A” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an “A-1” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A “BBB” rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A “BB” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the Issuer’s inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by

Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an "A" rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "2" indicates that the obligation ranks mid-range in its generic rating category.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions - 27 April 2011" published by Standard & Poor's (available at www.standardandpoors.com), (ii) the publication entitled "Rating Symbols and Definitions - July 2011" published by Moody's (available at www.moody's.com) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion - September 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as RBS N.V. is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus (to the extent they relate to this Part A), including documents incorporated by reference herein, have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies."

- 11 For the avoidance of doubt, section 10 above supersedes the provisions of sections 7.21 and 7.22 of the eighth supplement to each of the Base Prospectuses dated 14 October 2011.
- 12 By virtue of this Supplement, the paragraphs under the sub-section entitled "Ratings" in the section of each of the Base Prospectuses entitled "General Information – Part B: In relation to RBS", shall be deleted in their entirety and replaced with the following:

"Any rated Securities are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Securities.

Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A+"; senior notes issued by RBS with a maturity of less than one year "A-1"; dated subordinated notes issued by RBS "BBB+"; and undated tier 2 notes issued by RBS "BB+". Fitch Ratings Limited ("**Fitch**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A"; senior notes issued by RBS with a maturity of less than one year "F1"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis. Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "A2"; senior notes issued by RBS with a maturity of less than one year "P-1"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Standard & Poor's, an "A" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an "A-1" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A "BBB" rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A "BB" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the Issuer's inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by Standard & Poor's, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

As defined by Fitch, an "A" rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an "F1" rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

As defined by Moody's, an "A" rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody's, the addition of a "2" indicates that the obligation ranks mid-range in its generic rating category.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled "Standard & Poor's Ratings Definitions - 27 April 2011" published by Standard & Poor's (available at www.standardandpoors.com), (ii) the publication entitled "Rating Symbols and Definitions - July 2011" published by Moody's (available at www.moody's.com) and (iii) the publication entitled "Definitions of Ratings and Other Forms of Opinion - September 2011" published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus (to the extent they relate to this Part B), including documents incorporated by reference herein, have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies."

- 13 For the avoidance of doubt, section 12 above supersedes the provisions of (i) section 7.4 of the seventh supplement to each of the Base Prospectuses dated 11 October 2011 and (ii) (a) section 7.27 of the eighth supplement to the Base Prospectus relating to the issuance of Certificates dated 14 October 2011 (the "**Certificates Base Prospectus**") and (b) section 7.26 of the eighth supplement to each of the Base Prospectuses excluding the Certificates Base Prospectus dated 14 October 2011, which sections shall, by virtue of this Supplement, no longer apply.
- 14 By virtue of this Supplement, the sub-section entitled "Other securitisation and securities related litigation in the United States" in the section of the RBS Registration Document entitled "Description of The Royal Bank of Scotland plc – Litigation" shall no longer be incorporated by reference in any of the Base Prospectuses.

- 15 By virtue of this Supplement, the sub-section entitled “Litigation” in the section of each of the Base Prospectuses entitled “General Information - Part B: In relation to RBS – Recent Developments” shall be deleted in its entirety and replaced with the following:

“Litigation - Other securitisation and securities related litigation in the United States

RBSG Group companies have been named as defendants in their various roles as issuer, depositor and/or underwriter in a number of claims in the United States that relate to the securitisation and securities underwriting businesses. These cases include purported class action suits and actions by individual purchasers of securities. The cases involve the issuance of mortgage-backed securities and/or collateralised debt obligations for more than US\$35 billion of securities issued by over 100 securitisation trusts. Although the allegations vary by claim, in general, plaintiffs in these actions claim that certain disclosures made in connection with the relevant offerings of such securities contained materially false or misleading statements and/or omissions regarding the underwriting standards pursuant to which the mortgage loans underlying the securities were issued.

In many of these actions, the RBSG Group has contractual rights to indemnification from the issuers of the securities (where an RBSG Group company is underwriter) and/or the underlying mortgage originator (where an RBSG Group company is issuer), but certain of those indemnity rights may prove effectively unenforceable where the issuers or originators are defunct or otherwise unable to perform.

Certain other institutional investors have threatened to assert claims against the RBSG Group in connection with various mortgage-related offerings. The RBSG Group cannot predict with any certainty whether any of these individual investors will pursue these threatened claims.

With respect to all of these mortgage-backed securities related claims, the RBSG Group considers that it has substantial and credible legal and factual defences to these claims and will continue to defend them vigorously. The RBSG Group cannot predict the outcome of these claims at this stage and is unable reliably to estimate the liability, if any, that may arise, or its effect on the RBSG Group’s consolidated net assets, operating results or cash flows in any particular period.

In addition to the above, on 2 September 2011, the US Federal Housing Finance Agency (“**FHFA**”) as conservator for the Federal National Mortgage Association (“**Fannie Mae**”) and the Federal Home Loan Mortgage Company (“**Freddie Mac**”) filed 17 lawsuits in the United States against a number of international banks and individual defendants, including RBSG, certain other RBSG Group companies and five individual officers and directors of the RBSG Group’s subsidiaries.

The lawsuits involve allegations that certain disclosures made in connection with the relevant offering or underwriting of securities contained materially false or misleading statements and/or omissions regarding the underwriting standards pursuant to which the mortgage loans underlying the securities were issued. RBSG Group entities are named as defendants in their capacities as issuers and underwriters of securities, not as originators of any underlying mortgage loans. The plaintiffs’ claims against the RBSG Group are currently unquantified.

The FHFA primary lawsuit against RBSG Group entities relates to approximately US\$32 billion of AAA rated RMBS issuance during the period 2005-2008 pursuant to which RBSG Group entities acted as sponsor/depositor and/or lead underwriter. The aggregate principal amount has been reduced to approximately US\$14 billion outstanding by repayments and recoveries of approximately US\$18 billion and losses to date of approximately US\$0.2 billion.

FHFA has also filed five lawsuits against each of Ally Financial Group, Countrywide Financial Corporation, JP Morgan, Morgan Stanley and Nomura in relation to some of the offerings where an RBSG Group entity acted as underwriter and is named amongst the defendants.

RBSG Group entities believe they have a variety of substantial and credible legal and factual defences available to all of the FHFA lawsuits and the RBSG Group will defend each of the matters vigorously. Additionally, RBSG Group entities potentially have recourse to indemnities from the relevant mortgage originators or sponsors/depositors although the amount and extent of any recovery is uncertain and subject to a number of factors, including the ongoing creditworthiness of the indemnifying party. Given the early stages of these matters, the RBSG Group cannot predict the outcome of these claims and is unable reliably to estimate the liability, if any, that may arise or its effect on the RBSG Group's consolidated net assets, operating results or cash flows in any particular period."

- 16 For the avoidance of doubt, section 15 above supersedes the provisions of section 6 of the fifth supplement to each of the Base Prospectuses dated 9 September 2011 which sections shall, by virtue of this Supplement, no longer apply.
- 17 By virtue of this Supplement, the second paragraph of the sub-section entitled "Recent Developments - No significant change and no material adverse change" in the section entitled "General Information – Part B: In relation to RBS" shall be deleted in its entirety and replaced with the following:

"Save in relation to (i) matters referred to on page 22 of the RBS Interim Results 2011 relating to Payment Protection Insurance, in respect of which the RBS Group has made provisions for therein; and (ii) the effect on revenues of Global Banking and Markets of the current subdued operating environment (see pages 43-45 of the RBSG Interim Management Statement), there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared)."
- 18 For the avoidance of doubt, section 17 above supersedes the provisions of the last paragraph of section 9.2 of the third supplement to each of the Base Prospectuses dated 26 August 2011 which sections shall, by virtue of this Supplement, no longer apply.
- 19 A copy of this Supplement, the Base Prospectuses and all other supplements thereto and all documents incorporated by reference in the Base Prospectuses are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 20 If the documents which are incorporated by reference in each of the Base Prospectuses by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of any Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, each of the Base Prospectuses by virtue of this Supplement.
- 21 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in any Base Prospectus or any previous supplement to any Base Prospectus, the statements referred to in (a) above will prevail.
- 22 Save as disclosed in any previous supplement to any of the Base Prospectuses or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses (as supplemented at the date hereof) has arisen or has been noted since the publication of the each of the Base Prospectuses.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 14 October 2011

EIGHTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES



THE ROYAL BANK OF SCOTLAND N.V.
(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V.

LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 14 October 2011 (this **Supplement**) constitutes the eighth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meanings when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5** The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information

contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

6 On 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the **RBS Registration Document**) was published via the Regulatory News Service of the London Stock Exchange plc. The RBS Registration Document, through a supplement dated 8 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.

7 The following amendments are made to the Base Prospectus by virtue of this Supplement:

7.1 the final sentence of the section entitled “Proposed transfers of a substantial part of the business activities of The Royal Bank of Scotland N.V. to The Royal Bank of Scotland plc” on page 21 of the registration document of RBS Holdings N.V. and RBS N.V. dated 31 August 2011, which reads:

“Subject to regulatory approval and provided the Court makes an order sanctioning the Part VII Scheme, it is expected that the Part VII Scheme will become effective on 17 October 2011 or such other date as RBS and RBS N.V. may agree in writing.”

shall no longer be incorporated by reference in the Base Prospectus;

7.2 in the section entitled “Summary – Proposed transfer of activities” the second paragraph shall be deleted in its entirety and replaced with the following:

“It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) is expected to have taken place by the end of 2012. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. This includes a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Part VII Scheme**”). On 23 September 2011, RBS and RBS N.V. announced that the Court of Session in Scotland (the “**Court**”) had approved an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. The Part VII Scheme, as approved by the Court, will take effect at 00:01hrs on 17 October 2011.

Certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer of certain Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.”;

7.3 in the section entitled “Summary – Risk Factors” the heading which reads

“Part B: In relation to RBS”

shall be deleted in its entirety and replaced with the following:

“Part B: In relation to RBS N.V. and RBS”;

7.4 in the section entitled “Summary – Risk Factors – Part B: In relation to RBS” (prior to the amendment of such heading by virtue of this Supplement) the wording which reads:

“If RBS becomes the issuer of Securities as a result of the Part VII Scheme (as described above), then certain factors may affect RBS’ ability to fulfil its obligations under the Securities, including:”

shall be deleted in its entirety and replaced with the following:

“Certain factors may affect RBS N.V.’s ability as Issuer to fulfil its obligations under the Securities due to the Group’s reliance on the RBSG Group. In addition, if RBS becomes the issuer of Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i) in connection with the Proposed Transfers generally, then certain factors may affect RBS’ ability to fulfil its obligations under the Securities. In each case, such factors include:”;

- 7.5 in the section entitled “Summary – Risk Factors - Part B: In relation to RBS” (prior to the amendment of such heading by virtue of this Supplement), after the bullet point risk factor which reads:

“HM Treasury (or UKFI on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.”

the following shall be inserted as a bullet point risk factor:

“The RBSG Group’s insurance businesses are subject to inherent risks involving claims.”;

- 7.6 in the section entitled “Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under Securities issued” the wording which reads:

“As stated in the section entitled “General Information – Part A: General – Proposed Transfers”, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus.”

shall be deleted in its entirety and replaced with the following:

“As stated in the section entitled “General Information – Part A: General – Proposed Transfers”, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.”;

- 7.7 in the section entitled “Taxation – 1. General” the wording which reads:

“The following does not address any tax consequences of the Proposed Transfers, regarding which Holders of Securities should seek their own professional advice. It also does not address any tax consequences relating to Securities issued or raised by RBS.

Any Security which is transferred under the Proposed Transfers pursuant to the Part VII Scheme shall be referred to in this section as a “**Part VII Scheme Security**”; and such Securities, “**Part VII Scheme Securities**”.

As noted above in the section entitled "Summary - Proposed transfer of activities", if the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally. As such, the following does not address the tax treatment of Securities that have been transferred pursuant to the Proposed Transfers, other than to the extent stated in relation to Part VII Scheme Securities.”

shall be deleted in its entirety and replaced with the following:

“Save as expressly stated, the following does not address any tax consequences of any substitution of RBS as Issuer in place of RBS N.V. in respect of any Securities in accordance with General Condition 8(a)(i) (a “**Substitution**”), regarding which Holders of Securities

should seek their own professional advice. Holders and prospective Holders of Securities are also referred to the risk factor under the heading “The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V.” which starts on page 5 of the registration document of RBS Holdings N.V. and RBS N.V. dated 31 August 2011 (which is incorporated by reference herein).

Any Security in respect of which RBS is substituted as Issuer in place of RBS N.V. pursuant to a Substitution shall be referred to in this section as a "**Substituted Security**"; and such Securities, "**Substituted Securities**". References in this section to “the Issuer” shall be to RBS N.V. as Issuer.

If Securities do not become Substituted Securities, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not otherwise become the issuer of such Securities pursuant to the Proposed Transfers generally. As such, the following does not address the tax treatment of Securities that have been transferred pursuant to the Proposed Transfers other than by way of a Substitution and does not address the tax treatment of Securities in the event that the Issuer is substituted otherwise than pursuant to a Substitution.”

- 7.8 in the section entitled “Taxation – 3. The Netherlands – Withholding Tax” the heading which reads:

“Securities issued by the Issuer otherwise than through the Issuer’s London branch and which are not Part VII Scheme Securities”

shall be deleted in its entirety and replaced with the following:

“Securities issued by the Issuer otherwise than through the Issuer’s London branch and which are not Substituted Securities”;

- 7.9 in the section entitled “Taxation – 3. The Netherlands – Withholding Tax” the heading which reads:

“Securities issued by the Issuer’s London branch and Part VII Scheme Securities”

shall be deleted in its entirety and replaced with the following:

“Securities issued by the Issuer’s London branch and Substituted Securities”;

- 7.10 in the section entitled “Taxation – 3. The Netherlands – Withholding Tax – Payments by the Guarantor”, the wording which reads:

“whether or not they are Part VII Scheme Securities (in each case, other than the repayment of amounts subscribed for the Securities)”

shall be deleted in its entirety and replaced with the following:

“whether or not they are Substituted Securities (in each case, other than the repayment of amounts subscribed for the Securities)”;

- 7.11 in the section entitled “Taxation – 3. The Netherlands – Corporate and Individual Income Tax”, the following shall be inserted as new sub-paragraph (c):

“(c) Substituted Securities

Although not free from doubt, a Substitution is, on the basis of certain Dutch case law, not expected to give rise to a charge to Dutch income tax or corporate income tax for Holders of Substituted Securities.”;

7.12 the section entitled “Taxation – 4. United Kingdom” shall be deleted in its entirety and replaced with the section set out in Schedule 1 to this Supplement;

7.13 in the section entitled “Taxation – 5. United States of America”, the wording in the second paragraph in such section which reads:

“The U.S. federal income tax considerations discussed below will continue to apply to Part VII Scheme Securities.”

shall be deleted in its entirety and replaced with the following:

“The U.S. federal income tax considerations discussed below will continue to apply to Substituted Securities.”;

7.14 the section set out in Schedule 3 to this Supplement shall be inserted as the final paragraph in the section entitled “Taxation – 5. United States of America”;

7.15 in the section entitled “Taxation – 6. Switzerland”, the wording in the second paragraph in such section which reads:

“If RBS becomes the issuer of Securities as a result of the Part VII Scheme, the following will continue to apply, provided that the terms and conditions of Securities are otherwise not changed.”

shall be deleted in its entirety and replaced with the following:

“If RBS becomes the issuer of Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i), the following will continue to apply, provided that the terms and conditions of Securities are otherwise not changed. Although not free from doubt, a Substitution, on the basis of current Federal Tax Administration practice, is not expected to give rise to a charge to Swiss stamp tax, Swiss withholding tax, Swiss income tax for private investors in Switzerland or EU savings tax, for Holders of Substituted Securities.”;

7.16 in the section entitled “General Information – Part A: In Relation to RBS N.V. – Guarantee”, the wording which reads:

“, which liability of RBS Holdings in relation to any Securities that are transferred as a result of the Part VII Scheme will not be affected by such transfer (to the extent RBS Holdings would, but for such transfer, have otherwise been liable for the same)”

shall be deleted in its entirety;

7.17 in the section entitled “General Information – Part A: In Relation to RBS N.V. – Proposed Transfers”, the second and third paragraphs in such section shall be deleted in their entirety and replaced with the wording set out in Schedule 2 to this Supplement;

7.18 in the section entitled “Final Terms”, the paragraph numbering “(a)” prior to the word “Issuer:” shall be deleted;

7.19 the section entitled “Final Terms – (b) Proposed Transfer to The Royal Bank of Scotland plc¹.” shall be deleted in its entirety;

7.20 in the section entitled “General Information – Part A: In Relation to RBS N.V. – Ratings”, in the third paragraph of such section, the wording which reads:

“Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “AA-”; senior notes issued by RBS N.V. with a maturity of less than one year “F1+”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Fitch, an “AA” rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) sign denotes relative status within the major rating categories. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it. As defined by Fitch, an addition of a plus (+) to an “F1” rating denotes an exceptionally strong credit feature.”

shall be deleted in its entirety and replaced with the following:

“Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A”; senior notes issued by RBS N.V. with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Fitch, an “A” rating indicates that the Issuer’s capacity for payment of financial commitments on the relevant notes issued by it is considered strong but that this capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.”;

7.21 in the fifth paragraph of the section entitled “General Information – Part A: In Relation to RBS N.V. – Ratings”, the wording which reads:

“(ii) the publication entitled “Rating Symbols and Definitions January 2011” published by Moody’s (available at www.moody.com)”

shall be deleted in its entirety and replaced with the following:

“(ii) the publication entitled “Rating Symbols and Definitions – May 2011” published by Moody’s (available at www.moody.com)”);

7.22 the second sentence of the fourth paragraph on page 1 of the RBS Registration Document, within the section entitled “Introduction”, which reads:

“senior notes issued by RBS with a maturity of one year or more “AA-”; senior notes issued by RBS with a maturity of less than one year “F1+”;

shall no longer be incorporated by reference in the Base Prospectus;

7.23 the first and second sentences of the sixth paragraph on page 1 of the RBS Registration Document, within the section entitled “Introduction”, which read:

“As defined by Fitch, an “AA” rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) sign denotes relative status within the major rating categories.”

shall no longer be incorporated by reference in the Base Prospectus;

- 7.24 the final sentence of the sixth paragraph on page 1 of the RBS Registration Document, within the section entitled “Introduction”, which reads:

“As defined by Fitch, an addition of a plus (+) to an “F1” rating denotes an exceptionally strong credit feature.”

shall no longer be incorporated by reference in the Base Prospectus;

- 7.25 the wording in the second paragraph on page 2 of the RBS Registration Document, within the section entitled “Introduction”, which reads:

“(iii) the publication entitled “Definitions of Ratings and Other Forms of Opinion – January 2011” published by Fitch (available at www.fitchratings.com).”

shall no longer be incorporated by reference in the Base Prospectus;

- 7.26 the section entitled “General Information – Recent Developments - Ratings” shall be deleted in its entirety and replaced with the following:

“Ratings

Moody’s is expected to rate: senior notes issued by RBS with a maturity of one year or more “A2”; senior notes issued by RBS with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Moody’s, an “A” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody’s, the addition of a “2” indicates that the obligation ranks mid-range in its generic rating category.

Fitch is expected to rate: senior notes issued by RBS with a maturity of one year or more “A”; senior notes issued by RBS with a maturity of less than one year “F1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Fitch, an “A” rating indicates that the Issuer has a strong capacity for payment of its financial commitments on the relevant notes issued by it. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from (i) the publication entitled “Rating Symbols and Definitions – July 2011” published by Moody’s (available at www.moodys.com) and (ii) the publication entitled “Definitions of Ratings and Other Forms of Opinion – September 2011” published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the

sources identified above and, so far as the RBS is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.”

- 8** A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 9** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 10** Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

SCHEDULE 1

4. UNITED KINGDOM

The following applies only to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current United Kingdom tax law as applied in England and Wales and United Kingdom HM Revenue & Customs ("HMRC") practice relating only to certain aspects of United Kingdom taxation. It does not deal with any other United Kingdom taxation implications of acquiring, holding, exercising, not exercising or disposing of Securities and should not be relied upon by Holders or prospective Holders of Securities. Some aspects do not apply to certain classes of persons (such as persons carrying on a trade of dealing in Securities and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of Securities depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Holder of Securities will depend for each issue on the terms of the Securities, as specified in the Conditions of the Securities as amended and supplemented by the applicable Final Terms. For United Kingdom tax purposes, the term "Security" or "Securities" refers to instruments of the type described in this Base Prospectus and is not intended to be determinative (or indicative) of the nature of the instrument for the purposes of United Kingdom taxation. Prospective Holders of Securities who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary is intended as general information only and each prospective Holder of Securities should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

Withholding Tax

Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Substituted Securities

Payments on these Securities may generally be made without withholding on account of United Kingdom income tax.

Securities issued by the Issuer's London branch and Substituted Securities

Payments made in respect of these Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes.

Even if such payments were to be regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes, the Issuer or RBS, as applicable, should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments made in respect of the Securities provided that the payments are regarded as made under derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the Corporation Tax Act 2009 (which broadly they should be provided that the payments are made under options, futures or contracts for differences for the purposes of Part 7 of

that Act, which are derivatives for the purposes of FRS25 (or International Accounting Standard 32) and are not excluded for the purposes of Part 7 of that Act by virtue of their underlying subject matter).

If interest is payable on the Securities or if payments made in respect of the Securities were to be regarded as interest for United Kingdom tax purposes, provided that the Issuer's London branch or RBS, as applicable, is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "ITA 2007"), such payments may be made without withholding or deduction for or on account of United Kingdom income tax where the interest is paid in the ordinary course of the Issuer's London branch's or RBS's business, as applicable, within the meaning of section 878 ITA 2007.

Payments of interest on or in respect of the Securities may also be made by the Issuer's London branch or RBS, as applicable, without deduction of or withholding for or on account of United Kingdom income tax if the Securities are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the ITA 2007. The NYSE Euronext Amsterdam is a recognised stock exchange. The Securities will therefore satisfy this requirement if they are (a) officially listed in the Netherlands in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the NYSE Euronext Amsterdam, or (b) admitted to trading on another "recognised stock exchange" and officially listed in a country in which there is a "recognised stock exchange" in accordance with provisions corresponding to those generally applicable in EEA states. Provided, therefore, that the Securities are and remain so listed, interest on the Securities will be payable by the Issuer's London branch or RBS, as applicable, without withholding or deduction for or on account of United Kingdom income tax whether or not the Issuer's London branch or RBS, as applicable, carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on or in respect of the Securities is paid by a company and, at the time the payment is made, the Issuer's London branch or RBS, as applicable, reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where the maturity of the Securities is less than 365 days and those Securities do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments by the Issuer's London branch or RBS, as applicable, of interest on or in respect of Securities, on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder of the Securities, HMRC can issue a notice to the Issuer's

London branch or RBS, as applicable, to pay interest to the Holder of the Securities without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty, as applicable).

Payments by the Guarantor

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Substituted Securities may generally be made without withholding on account of United Kingdom income tax.

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer's London branch or which are Substituted Securities (in each case, other than the repayment of amounts subscribed for the Securities) may be subject to United Kingdom withholding tax, subject to the availability of any exemptions or reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double tax treaty.

Certain other United Kingdom Tax Considerations

Payments made in respect of Securities issued by the Issuer's London branch and (from the time of the Substitution) any Substituted Securities are generally expected to have a United Kingdom source. Accordingly, depending upon the category of the income, such payments may be chargeable to United Kingdom tax by direct assessment even where the Holder of Securities is not resident (or in the case of an individual, ordinarily resident) in the United Kingdom and does not hold their Securities for the purposes of, or receive such payments in connection with, a trade, profession or vocation carried on via a branch, agency or permanent establishment in the United Kingdom, although in practice HMRC may not seek to enforce any such liability in respect of such a Holder of Securities.

If Holders of Securities are liable to United Kingdom tax by way of direct assessment, Holders of Securities which are resident in a jurisdiction with an appropriate double taxation treaty with the United Kingdom may be entitled to claim exemption from direct assessment under the terms of that double taxation treaty.

Although not free from doubt, a Substitution is, on the basis of HMRC practice, not expected to give rise to a charge to United Kingdom tax on chargeable gains for Holders of Substituted Securities.

UK Information Gathering Powers

Holders of the Securities may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays or credits interest (or amounts treated as interest) to or receives interest (or amounts treated as interest) for the benefit of a Holder of the Securities. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2012. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information

obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Securities is resident for tax purposes.

Stamp Taxes

For the purposes of the following paragraphs, it has been assumed that the Securities constitute loan capital (“**Loan Capital**”) for the purposes of section 78 of the Finance Act 1986 (“**FA 1986**”) and stock and/or loan capital for the purposes of section 99(3) FA 1986. A Security should be Loan Capital if the Holder has a right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Security, either with or without any additional amount that may be payable on redemption. In addition, it is likely that HMRC would regard a Security as Loan Capital even if there is no guarantee that the holder will receive on redemption an amount equal to all or substantially all of the amount subscribed for the Security. This will, however, depend on the terms and conditions relating to the Security.

For the purposes of the following paragraphs, “**Exempt Loan Capital**” means any security which constitutes Loan Capital and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise); (b) has not carried and does not carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the relevant security; (c) subject to certain exceptions has not carried and does not carry a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or any part of, a business or to the value of any property; and (d) has not carried and does not carry a right to a premium which is not reasonably comparable with amounts payable on securities listed on the London Stock Exchange.

Stamp duty on the issue of Securities

No stamp duty will generally be payable in relation to the issue of Securities, including where such Securities are issued into CREST and including where any Substitution involves an issue of Securities by RBS.

Stamp duty on the transfer of Securities

No United Kingdom stamp duty should be required to be paid on transfers of Securities on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring a Security on sale of the Security may technically be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Securities if the Securities are not Exempt Loan Capital.

Payment of Stamp Duty

Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty, for example if the Security to which it relates is issued by the Issuer and is not registered on a register maintained in the United Kingdom, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be registered or used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court. In the event that such an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be

payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either (i) an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or (ii) an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom.

Stamp duty reserve tax (“SDRT”) on the issue or transfer of Securities to a Clearance Service

No SDRT should be payable in relation to the issue of a Security by the Issuer or the transfer of such a Security which is not a Substituted Security to any person providing a clearance service, or a nominee for any such person, within the meaning of section 96 FA 1986 (a “**Clearance Service**”), in each case, unless the Security is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire shares which are paired with shares issued by a body corporate incorporated in the United Kingdom.

Except where an election has been made under which the alternative system of charge as provided for in section 97A FA 1986 (a “**s97A Election**”) applies, SDRT at a rate of 1.5 per cent. may be payable in respect of a Security issued by the Issuer and which is not a Substituted Security on the issue or transfer of such a Security to a Clearance Service where it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire shares which are paired with shares issued by a body corporate incorporated in the United Kingdom.

Except where a s97A Election applies in respect of that Security, SDRT at a rate of 1.5 per cent. may be payable on a Substitution (if such Substitution results in an issue of Securities by RBS to a Clearance Service), or on a subsequent transfer to a Clearance Service of Substituted Securities, in each case, if such Substituted Securities (a) are not Exempt Loan Capital; or (b) are an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire stocks, shares or loan capital that are not Exempt Loan Capital.

The ECJ has found in *C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty’s Revenue & Customs (Case C-569/07)* that the 1.5 per cent. charge is contrary to EU Community Law where shares are issued to a clearance service. HMRC has subsequently indicated that it will not levy the charge on shares issued to a clearance service within the EU. It is not clear the extent to which this decision applies to the Securities or the way in which any change in legislation or HMRC practice in response to this decision may alter the position outlined above.

SDRT on the issue of Securities into CREST

No SDRT will be payable in respect of the issue of Securities into CREST (including where any Substitution involves an issue of Securities by RBS into CREST), provided they are not issued to a Clearance Service or to a person issuing depositary receipts.

SDRT on the transfer of Securities held within a Clearance Service

SDRT should generally not be payable in relation to an agreement to transfer a Security held within a Clearance Service provided that no s97A Election applies in respect of the Security.

SDRT on the transfer of Securities held outside a Clearance Service, held within CREST or held within a Clearance Service where a s97A Election applies in respect of the Security

In the case of Securities issued by the Issuer which are not Substituted Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, no SDRT should be payable in relation to any agreement to transfer such a Security unless it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form.

In the case of Securities issued by the Issuer which are not Substituted Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, SDRT should generally be payable in relation to any agreement to transfer such a Security where it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form. Any such SDRT would be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Securities, unless the transfer is to a Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

Were a Security which is not a Substituted Security to be registered in a register kept in the United Kingdom, for example, because this was required for the purposes of CREST, SDRT may be payable in relation to the transfer of such a Security within CREST or any agreement to transfer such a Security at a rate of 0.5 per cent. of the consideration given in circumstances other than those described in the paragraphs above if the Security is not Exempt Loan Capital.

In the case of Substituted Securities held outside a Clearance Service, Substituted Securities held within CREST or Substituted Securities held within a Clearance Service where a s97A Election has been made which applies to the Substituted Securities, SDRT may be payable in relation to the transfer of such a Substituted Security within CREST or any agreement to transfer such a Substituted Security if such Substituted Security (a) is not Exempt Loan Capital; or (b) is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire stocks, shares or loan capital that are not Exempt Loan Capital. Any such SDRT would be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Substituted Securities, unless the transfer is to a Clearance Service or to a person issuing depositary receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

Stamp duty and SDRT on the exercise or redemption of the Securities

Stamp duty and/or SDRT may also be payable in respect of an agreement to transfer, or on the transfer of, an asset where the terms of any Security contemplate physical settlement of the Security.

SCHEDULE 2

It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending 31 December 2013. A large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) is expected to have taken place by the end of 2012. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. This includes a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Part VII Scheme**”). On 23 September 2011, RBS and RBS N.V. announced that the Court of Session in Scotland (the “**Court**”) had approved an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. The Part VII Scheme, as approved by the Court, will take effect at 00:01hrs on 17 October 2011.

Certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus as a result of the possibility that RBS may become the issuer of certain Securities as a result of a substitution of the Issuer in accordance with General Condition 8(a)(i). There is, however, no assurance that any such substitution will take place.

Accordingly, nothing in the Final Terms or this Base Prospectus should be taken as (or is) a representation that RBS will become, or RBS N.V. will remain, the issuer of any of the Securities. If prospective purchasers are in any doubt as to whether there is any tax or other impact on them as a result of the Proposed Transfers, they should discuss such matters with their advisers.

SCHEDULE 3

FATCA Withholding

On March 18, 2010, the Hiring Incentives to Restore Employment Act was enacted, containing provisions (“**FATCA**”) similar to a prior Congressional bill, the Foreign Account Tax Compliance Act of 2009. FATCA imposes a withholding tax of 30% on certain U.S. source payments and proceeds from the sale of certain assets that give rise to U.S. source payments, as well as a portion of certain payments by non-U.S. entities, to persons that fail to meet requirements under FATCA. This withholding tax may be imposed on (i) payments to the Issuer if it does not enter into and comply with an agreement with the IRS (an “**IRS Agreement**”) to obtain and report information about the holders of Securities, or (ii) a portion of payments to holders or beneficial owners of Securities, if the Issuer does enter into an IRS Agreement and is unable to obtain the necessary information from those holders or beneficial owners. Withholding would be imposed from (x) January 1, 2014 in respect of certain U.S. source payments made on or after that date, (y) January 1, 2015 in respect of proceeds from the sale of certain assets that give rise to U.S. source payments and (z) January 1, 2015, at the earliest, in respect of “passthru payments”. Withholding should not be required with respect to payments on Securities that are treated as debt for U.S. federal income tax purposes before January 1, 2015 and then only on such Securities issued after March 18, 2012.

The future application of FATCA to the Issuer and the holders of Securities is uncertain, and it is not clear at this time what actions, if any, will be required to minimize any adverse impact of FATCA on the Issuer and the holders of Securities.

If the Issuer or other relevant intermediary does enter into the IRS Agreement, and Securities are issued after March 18, 2012, then to the extent payments are not otherwise excluded from the FATCA regime, an investor that is not a financial institution may be required to provide the information described below or be subject to U.S. withholding tax on a portion of interest and principal on the Securities and the proceeds from their sale. Investors that (a) are financial institutions, or receive payments through a financial institution and (b) have not (or the relevant financial institution has not) entered an agreement with the IRS regarding compliance with (or otherwise established an exemption from) FATCA would also be subject to this U.S. withholding tax.

Each holder or beneficial owner of Securities may be required to provide satisfactory documentation (i) to establish that it is not a U.S. person and has no “substantial United States owners” (as defined in the Code), or (ii) if it is a U.S. person or a non-U.S. person that has substantial United States owners, that indicates the name, address and U.S. taxpayer identification number for each such U.S. person or owner. Each holder or beneficial owner of Securities that is required to provide such information and fails to do so will generally be subject to a U.S. withholding tax on any payments made to that person. A holder or beneficial owner of Securities who fails to provide the necessary information due to a non-U.S. law prohibiting the provision of this information must execute a valid waiver of the relevant non-U.S. law or dispose of the Securities or its interest therein within a reasonable time.

Furthermore, it is uncertain at this time how the reporting mechanism will operate. In particular, certain changes will likely have to occur with the operation of DTC, Euroclear, Clearstream, Luxembourg and other similar clearing systems. In particular, at this time it is not entirely clear whether the reporting obligations will apply to the Issuer, the relevant clearing system or the financial institution with which the beneficial owner has an account.

FATCA is particularly complex and its application to the Issuer is uncertain at this time. Each holder of Securities should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

LaunchPAD Programme

Supplementary Prospectus dated 11 October 2011

**SEVENTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE
LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES**



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme
(the **Programme**)

- 1 This Supplement dated 11 October 2011 (this **Supplement**) constitutes the seventh supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

6 On 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the **Registration Document**) was published via the Regulatory News Service of the London Stock Exchange plc. The Registration Document, through a supplement dated 26 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.

7 By virtue of this Supplement:

7.1 the last sentence of the fourth paragraph on page 1 of the Registration Document, within the section entitled “Introduction”, which reads:

“Moody’s Investors Service Limited (“**Moody’s**”) is expected to rate: senior notes issued by RBS with a maturity of one year or more “Aa3”; senior notes issued by RBS with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.”

shall no longer be incorporated by reference in the Base Prospectus;

7.2 the first and second sentences of the first paragraph on page 2 of the Registration Document, within the section entitled “Introduction”, which reads:

“As defined by Moody’s, an “Aa” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered high quality subject to very low credit risk. As defined by Moody’s, the addition of a “3” indicates that the obligation ranks in the lower end of its generic rating category.”

shall no longer be incorporated by reference in the Base Prospectus;

7.3 the wording in the second paragraph on page 2 of the Registration Document, within the section entitled “Introduction”, which reads:

“(ii) the publication entitled “Rating Symbols and Definitions – May 2011” published by Moody’s (available at www.moodys.com)”.

shall no longer be incorporated by reference in the Base Prospectus; and

7.4 the following shall be inserted in the Base Prospectus at the end of the section entitled “General Information – Recent Developments”:

“Ratings

Moody’s is expected to rate: senior notes issued by RBS with a maturity of one year or more “A2”; senior notes issued by RBS with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Moody’s, an “A” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered to be upper-medium grade subject to low credit risk. As defined by Moody’s, the addition of a “2” indicates that the obligation ranks mid-range in its generic rating category.

The rating definitions set out above constitute third party information and were obtained in the English language from the publication entitled “Rating Symbols and Definitions – July 2011” published by Moody’s (available at www.moodys.com).”.

- 8 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 9 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 10 Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 19 September 2011

SIXTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 19 September 2011 (this **Supplement**) constitutes the sixth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5** The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 6 On 5 August 2011, the registration document of The Royal Bank of Scotland plc dated 5 August 2011 (the **RBS Registration Document**) was published via the Regulatory News Service of the London Stock Exchange plc (**RNS**). The RBS Registration Document, through a supplement dated 8 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.
- 7 On 5 August 2011, the registration document of The Royal Bank of Scotland Group plc dated 5 August 2011 (the **RBSG Registration Document**) was published via RNS. The section headed “Risk Factors” on pages 3 to 25 of the RBSG Registration Document is, through a supplement dated 31 August 2011, incorporated by reference in the Base Prospectus and has previously been filed with the AFM.
- 8 On 31 August 2011, the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 31 August 2011 (the **Registration Document**) was published. The Registration Document, through a supplement dated 31 August 2011, is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.
- 9 The following amendments are made to the Base Prospectus by virtue of this Supplement:

- 9.1 in the section entitled “Summary – Risks Factors – Part B: In relation to RBS”, the bullet point risk factor which reads:

“The Independent Commission on Banking is reviewing competition in the UK banking industry and possible structural reforms. The outcomes of this review could have a material adverse effect on the interests of the RBSG Group.”

shall be deleted and replaced with the following:

“The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The implementation of the recommendations included in the final report could have a material adverse effect on the RBSG Group.”.

- 9.2 (a) the risk factor entitled “The Independent Commission on Banking is reviewing competition in the UK banking industry and possible structural reforms. The outcomes of this review could have a material adverse effect on the interests of the Group.” on page 5 of the RBS Registration Document and pages 4 and 5 of the RBSG Registration Document shall no longer be incorporated by reference in the Base Prospectus and (b) the following additional risk factor shall be inserted in the Base Prospectus at the end of the section entitled “Risk Factors – Factors that may affect the Issuer’s ability to fulfil its obligations under Securities issued”:

***“The Independent Commission on Banking has published its final report on competition and possible structural reforms in the UK banking industry. The implementation of the recommendations included in the final report could have a material adverse effect on the RBSG Group.*”**

The Independent Commission on Banking (the “**ICB**”) was appointed by the UK Government in June 2010 to review possible structural measures to reform the UK banking system in order to promote, amongst other things, stability and competition. The ICB published its final report to the Cabinet Committee on Banking Reform on 12 September 2011 (the “**Final Report**”) which sets out the ICB’s views on possible reforms to improve stability and competition in UK banking. The Final Report makes a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) loss-absorbency (including bail-in) and (iii) competition. The ICB has recommended 2019 as the final deadline for the implementation of its recommendations. The RBSG Group will continue to participate in the

debate and to consult with the UK Government on the implementation of the recommendations set out in the Final Report, the effects of which could materially adversely affect the RBSG Group's structure, results of operations, financial condition and prospects.”.

- 9.3 (a) the paragraphs on pages 24 and 25 of the Registration Document and page 39 of the RBS Registration Document entitled “Independent Commission on Banking” shall no longer be incorporated by reference in the Base Prospectus and (b) the following shall be inserted in the Base Prospectus at the end of the sections entitled (i) “General Information – Part A: In relation to RBS N.V.”, after the sub-heading “Ratings” and (ii) “General Information – Part B: In relation to RBS – Recent Developments”, respectively:

“Independent Commission on Banking

On 16 June 2010, HM Treasury published the terms of reference for the UK Government's Independent Commission on Banking (“ICB”). The ICB was mandated to formulate policy recommendations with a view to: (i) reducing systemic risk in the banking sector, exploring the risk posed by banks of different size, scale and function; (ii) mitigating moral hazard in the banking system; (iii) reducing the likelihood and impact of a bank's failure; and (iv) promoting competition in retail and investment banking with a view to ensuring that the needs of banks' customers are served efficiently and considering the extent to which large banks can gain competitive advantage from being perceived as “too big to fail”.

Following an interim report published on 11 April 2011, the ICB published its final report to the Cabinet Committee on Banking Reform on 12 September 2011 (the “**Final Report**”). The Final Report makes a number of recommendations, including in relation to (i) the implementation of a ring-fence of retail banking operations, (ii) loss-absorbency (including bail-in) and (iii) competition. The ICB has recommended 2019 as the final deadline for the implementation of its recommendations. The RBSG Group will continue to participate in the debate and to consult with the UK Government on the implementation of the recommendations set out in the Final Report, the effects of which could have a negative impact on the RBSG Group's consolidated net assets, operating results or cash flows in any particular period.”.

- 10** A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 11** To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 12** Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 9 September 2011

FIFTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 9 September 2011 (this **Supplement**) constitutes the fifth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5** The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 6 By virtue of this Supplement, in the section entitled “General Information” under the heading “Part B: In relation to RBS – Recent Developments”, the following new sub-heading and paragraph shall be deemed to be inserted into the Base Prospectus:

“Litigation

On 2 September 2011, the US Federal Housing Finance Agency (“**FHFA**”) as conservator for the Federal National Mortgage Association (“**Fannie Mae**”) and the Federal Home Loan Mortgage Company (“**Freddie Mac**”) filed 17 lawsuits in the United States against a number of international banks and individual defendants, including RBSG, certain other Group companies and five individual officers and directors of the Group’s subsidiaries. The lawsuits involve allegations that certain disclosures made by the defendants in connection with the relevant offering or underwriting of securities contained materially false or misleading statements and/or omissions regarding the underwriting standards pursuant to which the mortgage loans underlying the securities were issued. Group entities are named as defendants in their capacities as issuers and underwriters of securities, not as originators of any underlying mortgage loans. Although its claims against the Group are currently unquantified, the plaintiff refers to Fannie Mae's and Freddie Mac's losses on securities with original face values of over US\$30 billion.”

- 7 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 8 To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 9 Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

LaunchPAD Programme

Supplementary Prospectus dated 31 August 2011

FOURTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 31 August 2011 (this **Supplement**) constitutes the fourth supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5** The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 6 On 31 August 2011, RBS Holdings N.V. (**RBS Holdings**) published its unaudited Interim Results for the half year ended 30 June 2011 (the **2011 RBS Holdings Interim Results**).
- 7 On 31 August 2011, RBS Holdings and RBS N.V. published their registration document dated 31 August 2011 (the **Registration Document**).
- 8 The following documents shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus:
 - 8.1 the 2011 RBS Holdings Interim Results; and
 - 8.2 the Registration Document.
- 9 The following amendments are made to the Base Prospectus as a result of the publication (and incorporation by reference in the Base Prospectus, by virtue of this Supplement) of the 2011 RBS Holdings Interim Results and the Registration Document:
 - 9.1 in the section entitled “Summary – Overview”, the following sentences will be inserted after the fourth sentence to form a new, standalone paragraph: “The Group had total consolidated assets of €206.7 billion as at 30 June 2011. As at 30 June 2011, the Group’s Tier 1 and Core Tier 1 capital ratios were 9.6 per cent. and 7.4 per cent., respectively.”.
 - 9.2 the bullet point risk factors under the heading “Risks Factors – Part A: In relation to RBS N.V.” in the section entitled “Summary” shall be deleted in their entirety and replaced with the bullet point risk factors set out in the Schedule to this Supplement.
 - 9.3 in the section entitled “General Information” under the heading “Part A: In relation to RBS N.V.”, the paragraph headed “Incorporation and Offices” shall be deleted in its entirety.
 - 9.4 at the end of the section entitled “Form of Final Terms”, the paragraphs headed “No Significant Change and No Material Adverse Change” shall be deleted in their entirety and replaced by the following:

“No Significant Change and No Material Adverse Change

There has been no significant change in the trading or financial position of the Group taken as a whole since 30 June 2011 (the end of the last financial period for which either audited financial information or interim financial information has been published).

Save in relation to matters referred to on pages 42 to 43 of the 2011 RBS Holdings Interim Results, relating to the Group’s exposure to Greek sovereign debt, which the Group has made provision for therein, there has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).”
 - 9.5 the registration document of RBS N.V. dated 5 April 2011, and the supplement thereto dated 19 April 2011, incorporated by reference in the Base Prospectus shall, by virtue of this Supplement, no longer be so incorporated.
 - 9.6 the section headed “Risk Factors” on pages 3 to 25 of the registration document dated 5 August 2011 of The Royal Bank of Scotland Group plc shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus.
- 10 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can

be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.

- 11** If the documents which are incorporated by reference in the Base Prospectus by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus by virtue of this Supplement.
- 12** To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Base Prospectus by virtue of this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 13** Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

SCHEDULE

- The Group is reliant on the RBSG Group.

Prospective investors should note that the Group is subject to certain risks specific to the RBSG Group including, without limitation, instability in the global financial markets, lack of liquidity, depressed asset valuations, geopolitical conditions, full nationalisation and other resolution procedures under the Banking Act 2009 and risks related to the entry into the asset protection scheme.

- The Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing and may adversely affect the Group's business, results of operations, financial condition, capital ratios and liquidity and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V.
- The execution and/or any delay in the execution (or non-completion) of the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the Group and may also negatively impact the value of securities issued by RBS Holdings and RBS N.V..
- Lack of liquidity is a risk to the Group's business and there is a risk that the Group's ability to access sources of liquidity and funding could become constrained.
- The financial performance of the Group has been materially affected by deteriorations in borrower and counterparty credit quality and it may continue to be impacted by any further deteriorations, including as a result of prevailing economic and market conditions, and legal and regulatory developments.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.
- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- As a condition to the RBSG Group receiving HM Treasury support, the Group is prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its

existing hybrid capital instruments, which may impair the Group's ability to raise new capital through the issuance of Securities.

- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- The Group is subject to enforcement risks relating to the United States Department of Justice's criminal investigation of its dollar clearing activities.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors.
- Operational risks are inherent in the Group's businesses.
- The Group's operations have inherent reputational risk.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- Risks relating to the Asset Protection Scheme and the Contracts.
- The extensive governance, asset management and information requirements under the Scheme Conditions, which the Group is required to comply with, or to ensure that RBS can comply with, pursuant to the Contracts may have an adverse impact on the Group. In addition, any changes or modifications to the Scheme Conditions may have a negative impact on the expected benefits of the Contracts and may have an adverse impact on the Group.
- Any changes to the expected regulatory capital treatment of the Contracts may negatively impact the Group's capital position.
- Fulfilling the disclosure obligations of the Group under the Contracts may give rise to litigation and regulatory risk.

LaunchPAD Programme

Supplementary Prospectus dated 26 August 2011

THIRD SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 26 August 2011 (this **Supplement**) constitutes the third supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5** The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 6 On 5 August 2011, the registration document of The Royal Bank of Scotland plc (**RBS**) dated 5 August 2011 (the **RBS Registration Document**) was published via the Regulatory News Service of the London Stock Exchange plc (**RNS**). The RBS Registration Document is incorporated by reference in the Base Prospectus and has previously been filed with the AFM.
- 7 On 26 August 2011, the unaudited Interim Results 2011 of RBS for the six months ended 30 June 2011 were published via RNS (the **2011 RBS Interim Results**).
- 8 The 2011 RBS Interim Results shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus.
- 9 The following amendments are made to the Base Prospectus as a result of the publication (and incorporation by reference in the Base Prospectus, by virtue of this Supplement) of the 2011 RBS Interim Results:
- 9.1 under the section entitled “Summary”:
- 9.1.1 the words “and the “**RBS Group**” refers to RBS and its subsidiaries consolidated in accordance with International Financial Reporting Standards” shall be inserted at the end of final sentence of the sub-section headed “History and Incorporation”;
- 9.1.2 the following new paragraph shall be inserted at the end of the sub-section headed “Overview”:
- “The RBS Group had total assets of £1,299.7 billion and owners’ equity of £56.9 billion as at 30 June 2011. As at 30 June 2011, the RBS Group’s capital ratios were a total capital ratio of 14.0 per cent., a Core Tier 1 capital ratio of 8.7 per cent. and a Tier 1 capital ratio of 10.6 per cent.”; and
- 9.1.3 the wording of the penultimate bullet risk in the sub-section headed “Risks Relating to the Issuer - Part B: In relation to RBS” shall be deleted in its entirety and replaced by the following:
- “RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the RBS Group’s results.”;
- 9.2 under the section entitled “General Information – Part B: In relation to RBS” of the Base Prospectus, each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” shall be deleted in their entirety and replaced by the following:
- “No Significant Change and No Material Adverse Change**
- There has been no significant change in the financial position of the RBS Group taken as a whole since 30 June 2011 (the end of the last financial period for which either audited financial information or interim financial information has been published).
- Save in relation to matters referred to on page 22 of the RBS Interim Results 2011, relating to Payment Protection Insurance, which the RBS Group has made provisions for therein, there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared).”; and
- 9.3 each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 59 of the RBS Registration Document shall no longer be incorporated by reference.
- 10 By virtue of paragraphs 8 and 9.3 of this Supplement (and following the amendments made to the Base Prospectus by virtue of (a) paragraph 9 of the First Supplement to the Base Prospectus dated 22 July 2011 and (b) paragraphs 8 and 9.4 of the Second Supplement to the Base Prospectus dated 8 August 2011), the section

in the Base Prospectus headed “Documents Incorporated by Reference” shall be deleted in its entirety and replaced with the amended version of such section as set out in the Schedule to this Supplement.

11 The following additional amendment is made to the Base Prospectus:

11.1 in the section entitled “General Information”, under the heading “Part A: in relation to RBS N.V.”, the following paragraph shall be deleted:

“No Significant Change and No Material Adverse Change

There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information has been published).

There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).”

- 12** A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 13** If the documents which are incorporated by reference in the Base Prospectus by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus by virtue of this Supplement.
- 14** To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Base Prospectus by virtue of this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.
- 15** Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft) 2007*) (the “**Competent Authority**”) shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

PART A: IN RELATION TO RBS N.V.

1. The registration document of the Issuer dated 5 April 2011 and the supplement thereto dated 19 April 2011 (together, the “**Registration Document**”) excluding the first paragraph of the section entitled “Description of RBS Holdings N.V. and the Royal Bank of Scotland N.V. – General Information”.
2. The prospectus dated 1 July 2010 relating to the Issuer’s LaunchPAD Programme for Certificates (excluding the sections entitled “Summary” and “Form of Final Terms”).
3. The RBS Holdings Annual Report 2010 (excluding the sections headed “Business Review - Risk factors” on page 9 and the section headed “Additional Information – Risk factors” on pages 221 to 231) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010.
4. The ABN AMRO Holding N.V. Annual Report 2009 (excluding the section headed “Risk factors” on pages 61 to 68) which includes the audited consolidated annual financial statements of ABN AMRO Holding N.V. (now renamed RBS Holdings N.V.) as at and for the year ended 31 December 2009.
5. The Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this Base Prospectus.
6. The press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” which was published by RBS N.V. via RNS on 19 April 2011.
7. The press release entitled “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by the Issuer on 22 July 2011.

PART B: IN RELATION TO RBS

- (a) The registration document of RBS dated 5 August 2011, which was published via which was published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) on 5 August 2011 (the “**RBS Registration Document**”), excluding the paragraphs on page 59 under the heading “No Significant Change and No Material Adverse Change” in the section of the RBS Registration Document entitled “General Information”.

- (b) The annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections headed “Financial Review — Risk factors” on page 5 and “Additional Information — Risk Factors” on pages 238 to 254) published on 15 April 2011.
- (c) The annual report and accounts of RBS (including the audited consolidated annual financial statements of the RBS, together with the audit report thereon) for the year ended 31 December 2009 (excluding the section headed “Risk factors” on pages 5 to 23) published on 9 April 2010.
- (d) The unaudited interim results of RBS for the six months ended 30 June 2011 which were published via RNS on 26 August 2011.
- (e) The following sections of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011 (the “**2010 Annual Report and Accounts of RBSG**”):
 - (i) Independent auditor’s report on page 267;
 - (ii) Consolidated income statement on page 268;
 - (iii) Consolidated statement of comprehensive income on page 269;
 - (iv) Balance sheets as at 31 December 2010 on page 270;
 - (v) Statements of changes in equity on pages 271 to 273;
 - (vi) Cash flow statements on page 274;
 - (vii) Accounting policies on pages 275 to 286;
 - (viii) Notes on the accounts on pages 287 to 385;
 - (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
 - (x) Chairman’s statement on pages 2 to 3;
 - (xi) Group Chief Executive’s review on pages 4 to 5;
 - (xii) Our key targets on page 7;
 - (xiii) Our business and our strategy on pages 8 to 19;
 - (xiv) Divisional review on pages 20 to 41;
 - (xv) Business review on pages 49 to 224;
 - (xvi) Report of the Directors on pages 230 to 234;
 - (xvii) Corporate governance on pages 235 to 245;
 - (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;

- (xix) Directors' remuneration report on pages 248 to 263;
 - (xx) Directors' interests in shares on page 264;
 - (xxi) Financial summary on pages 387 to 395;
 - (xxii) Exchange rates on page 395;
 - (xxiii) Economic and monetary environment on page 396;
 - (xxiv) Supervision on page 397;
 - (xxv) Regulatory developments and reviews on pages 398 to 399;
 - (xxvi) Description of property and equipment on page 399;
 - (xxvii) Major shareholders on page 399;
 - (xxviii) Material contracts on pages 399 to 404; and
 - (xxix) Glossary of terms on pages 434 to 439.
- (f) The following sections of the 2009 annual report and accounts of RBSG, which was published by RBSG on 18 March 2010:
- (i) Independent auditors' report on page 240;
 - (ii) Consolidated income statement on page 241;
 - (iii) Consolidated statement of comprehensive income on page 242;
 - (iv) Balance sheets at 31 December 2009 on page 243;
 - (v) Statements of changes in equity on pages 244 to 246;
 - (vi) Cash flow statements on page 247;
 - (vii) Accounting policies on pages 248 to 258;
 - (viii) Notes on the accounts on pages 259 to 348;
 - (ix) What we have achieved on page 1 (excluding the financial information on that page which is indicated as being "pro forma");
 - (x) Chairman's statement on pages 2 to 3;
 - (xi) Group Chief Executive's review on pages 4 to 6;
 - (xii) Our strategic plan and progress on pages 12 to 19;
 - (xiii) Divisional review on pages 20 to 41;

- (xiv) Business review on pages 49 to 85 and pages 108 to 206 (excluding the financial information on pages 72 to 85 and pages 108 to 116 which is indicated as being “pro forma”);
 - (xv) Report of the Directors on pages 208 to 213;
 - (xvi) Corporate governance on pages 214 to 222;
 - (xvii) Letter from the Chairman of the Remuneration Committee on pages 223 to 224;
 - (xviii) Directors’ remuneration report on pages 225 to 236;
 - (xix) Directors’ interests in shares on page 237;
 - (xx) Impairment review on pages 302 to 303;
 - (xxi) Financial summary on pages 350 to 359;
 - (xxii) Exchange rates on page 359;
 - (xxiii) Economic and monetary environment on page 360;
 - (xxiv) Supervision on page 361;
 - (xxv) Regulatory developments and reviews on pages 361 to 362;
 - (xxvi) Description of property and equipment on pages 362 to 363;
 - (xxvii) Major shareholders on page 363; and
 - (xxviii) Glossary of terms on pages 383 to 387.
- (g) The unaudited Interim Results 2011 of RBSG for the six months ended 30 June 2011 which were published via RNS on 5 August 2011.
- (h) The following sections of the Shareholder Circular published by RBSG on 27 November 2009:
- (i) “Financial Information” on page 5;
 - (ii) “Part I – Letter From the Chairman of RBS” on pages 10 to 20;
 - (iii) “Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share” on pages 76 to 84;
 - (iv) “Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan” on pages 85 to 86;
 - (v) “Part VI – Definitions” on pages 121 to 133; and
 - (vi) “Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share” on pages 134 to 170.

- (i) The press release headed “The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc and National Westminster Bank Plc – Clarification of Contractual Position Relating to Payments Under Preference Shares and Subordinated Securities” published via the RNS on 20 October 2009.
- (j) The press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” (excluding (i) the statement therein which reads “Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement” and (ii) the Appendix thereto) which was published by RBSG via RNS on 19 April 2011.
- (k) The press release entitled “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by RBSG on 22 July 2011.

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information contained in the 2010 Annual Report and Accounts of RBSG (together, the “**Unaudited Pro Forma Financial Information**”) which is incorporated by reference into this Base Prospectus has been prepared for illustrative purposes only and addresses a hypothetical situation. Therefore, the Unaudited Pro Forma Financial Information does not represent the actual financial position or results of the RBSG Group as at and for the periods in respect of which the Unaudited Pro Forma Financial Information has been prepared.

The Unaudited Pro Forma Financial Information shows the underlying performance of the RBSG Group including the results of the RBS Holdings businesses retained by the RBSG Group. The Unaudited Pro Forma Financial Information is prepared using the RBSG Group’s accounting policies and is being provided to give a better understanding of the RBSG Group’s operations excluding the results attributable to the other consortium members. The basis of preparation of the pro forma results is detailed under the heading “Basis of preparation of pro forma results” on page 113 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein). In future periods, there will be no significant differences between pro forma and statutory results other than presentation aspects discussed under the heading “Pro forma results” on page 53 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein).

PART C: IN RELATION TO BOTH RBS N.V. AND RBS

If the documents which are incorporated by reference in this Base Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus.

In relation to those documents of which only part thereof is incorporated by reference in this Base Prospectus, those parts of such documents which are not incorporated either are not relevant for the investor or are covered elsewhere in this Base Prospectus.

Copies of the above documents:

- are accessible at <http://markets.rbs.com/bparchive>; or

- can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com; or
- can be obtained (in the case of the Part A documents for RBS N.V.) at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and (in the case of the Part B documents for RBS) the registered office of RBS at 36 St Andrew Square, Edinburgh EH2 2YB.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Base Prospectus for use in connection with any subsequent issue of Securities.

This Base Prospectus and any supplement will be valid for listing Securities on Euronext Amsterdam by NYSE Euronext and/or any other exchange in an unlimited aggregate nominal amount.

Material Changes

Material changes of the Issuer's financial position since the date of this Base Prospectus will trigger the need for a supplement to this Base Prospectus under Article 16 of Directive 2003/71/EC and Swiss Listing Rule Scheme F 2.2.5. Any supplements to this Base Prospectus are accessible at <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

LaunchPAD Programme

Supplementary Prospectus dated 8 August 2011

SECOND SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES



THE ROYAL BANK OF SCOTLAND N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)
(the **Issuer** or **RBS N.V.**)

The Royal Bank of Scotland N.V. LaunchPAD Programme

(the **Programme**)

- 1** This Supplement dated 8 August 2011 (this **Supplement**) constitutes the second supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2** The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3** This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.
- 4** In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5** The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 6 On 5 August 2011, the unaudited Interim Results 2011 of The Royal Bank of Scotland Group plc (**RBSG**) for the six months ended 30 June 2011 were published via RNS (the **2011 RBSG Interim Results**).
- 7 On 5 August 2011, the registration document of The Royal Bank of Scotland plc (**RBS**) dated 5 August 2011 (the **RBS Registration Document**) was published via RNS, following the publication of the 2011 RBSG Interim Results.
- 8 The following documents shall, by virtue of this Supplement, be deemed to be incorporated in, and form part of, the Base Prospectus:
- 8.1 the 2011 RBSG Interim Results; and
- 8.2 the RBS Registration Document.
- 9 The following amendments are made to the Base Prospectus as a result of the publication (and incorporation by reference in the Base Prospectus, by virtue of this Supplement) of the 2011 RBSG Interim Results and the RBS Registration Document:
- 9.1 the following paragraph under the heading “Overview” in the section entitled “Summary”:
- “The RBSG Group had total assets of £1,453.6 billion and owners’ equity of £75.1 billion as at 31 December 2010. As at 31 December 2010, the RBSG Group’s capital ratios were a total capital ratio of 14.0 per cent., a Core Tier 1 capital ratio of 10.7 per cent. and a Tier 1 capital ratio of 12.9 per cent.”.
- shall be deemed to be deleted and replaced with the following paragraph:
- “The RBSG Group had total assets of £1,446.0 billion and owners’ equity of £74.7 billion as at 30 June 2011. As at 30 June 2011, the RBSG Group’s capital ratios were a total capital ratio of 14.4 per cent., a Core Tier 1 capital ratio of 11.1 per cent. and a Tier 1 capital ratio of 13.5 per cent.”.
- 9.2 the bullet point risk factors under the heading “Risks Factors – Part B: In relation to RBS” in the section entitled “Summary” shall be deleted in its entirety and replaced with the bullet point risk factors set out in the Schedule to this Supplement. For the avoidance of doubt, the bullet point risk factors under the sub-heading “Risks Relating to the Securities” shall remain unchanged;
- 9.3 in the section entitled “General Information”:
- 9.3.1 under the heading “Part A: In relation to RBS N.V.”, the following paragraph shall be inserted at the end of the section:
- “No Significant Change and No Material Adverse Change**
- There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information has been published).
- There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).”
- 9.3.2 under the heading “Part B: In relation to RBS”, the existing paragraphs shall be deleted in their entirety and replaced with the following:
- “No Significant Change and No Material Adverse Change**

Save in relation to matters referred to on pages 109 and 110 of the 2011 RBSG Interim Results relating to Payment Protection Insurance, which the RBS Group has made provisions for therein:

- (a) there has been no significant change in the financial position of the RBS Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information of the RBS Group has been published); and
- (b) there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared).”

9.4 the following documents (or sections of documents, as the case may be) incorporated by reference in the Base Prospectus shall, by virtue of this Supplement, no longer be so incorporated:

9.4.1 the following sections of the Shareholder Circular published by RBSG on 27 November 2009:

- (a) “Appendix 2 to the Letter from the Chairman of RBS — Principal Terms and Conditions of the APS” on pages 46 to 75;
- (b) “Annex 3 — Scheme Principles” on pages 177 to 181;

9.4.2 the registration document of RBS dated 25 February 2011, which was published via RNS on 25 February 2011; and

9.4.3 the unaudited RBSG Interim Management Statement Q1 2011 which was published via RNS on 6 May 2011.

10 A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.

11 To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Base Prospectus by virtue of this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.

12 Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

SCHEDULE

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009.
- Various actions may be taken under the Banking Act 2009 in relation to any securities issued by RBS without the consent of the holders thereof.
- The Independent Commission on Banking is reviewing competition in the UK banking industry and possible structural reforms. The outcomes of this review could have a material adverse effect on the interests of the RBSG Group
- The RBSG Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions and by other geopolitical risks.
- The RBSG Group is subject to a variety of risks as a result of implementing the state aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- The occurrence of a delay in the implementation of (or any failure to implement) the approved proposed transfers of a substantial part of the business activities of RBS N.V. to RBS may have a material adverse effect on the RBSG Group.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its core strengths and its balance sheet reduction programme.
- Lack of liquidity is a risk to the RBSG Group's business and there is a risk that the RBSG Group's ability to access sources of liquidity and funding could become constrained.
- The financial performance of the RBSG Group has been materially affected by deteriorations in borrower and counterparty credit quality and it may continue to be impacted by any further deteriorations, including as a result of prevailing economic and market conditions, and legal and regulatory developments.
- The RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the RBSG Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The RBSG Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

- The RBSG Group operates in markets that are highly competitive and its business and results of operations may be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments, including changes in tax law, could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The RBSG Group's results have been and could be further materially adversely affected in the event of goodwill impairment.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the RBSG Group's businesses.
- HM Treasury (or UKFI on its behalf) may be able to exercise a significant degree of influence over the RBSG Group and any proposed offer or sale of its interests may affect the price of the Securities.
- The RBSG Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the RBSG Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- The RBSG Group's participation in the asset protection scheme is costly and may not produce the regulatory capital benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.
- The extensive governance, asset management and information requirements under the scheme conditions and any changes or modifications to the scheme conditions may have a negative impact on the expected benefits of the asset protection scheme and may have an adverse impact on the RBSG Group.
- Any changes to the expected regulatory capital treatment of the asset protection scheme, the B shares and the contingent B shares may negatively impact the RBSG Group's capital position.
- The costs of the asset protection scheme may be greater than the benefits received by the RBSG Group and the fair value of the asset protection scheme can impact the RBSG Group's results of operations.
- Participation in the asset protection scheme may result in greater tax liabilities for the RBSG Group and the loss of potential tax benefits.
- Participation in the asset protection scheme may give rise to litigation and regulatory risk.

- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect RBS and its subsidiaries (the **RBS Group**)’s results.
- If the RBSG Group is unable to issue the contingent B shares to HM Treasury, it may have a material adverse impact on the RBSG Group’s capital position, liquidity, operating results and future prospects.

22 July 2011

FIRST SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF NOTES DATED 22 JULY 2011



THE ROYAL BANK OF SCOTLAND N.V.
(Registered at Amsterdam, The Netherlands)
(the **Issuer** or **RBS N.V.**)

RBS LaunchPAD Programme
(the **Programme**)

- 1 This Supplement dated 22 July 2011 (this **Supplement**) constitutes the first supplement to the base prospectus dated 1 July 2011 in relation to the Issuer's LaunchPAD Programme for the Issuance of Notes approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 1 July 2011 (the **Base Prospectus**).
- 2 The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC (the **Prospectus Directive**) by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
- 3 This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer.
- 4 In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
- 5 The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 6 On 19 April 2011, the boards of The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc (**RBS**), RBS Holdings N.V. and RBS N.V. approved the proposed transfers of a substantial part of the activities of RBS N.V. to RBS, subject, among other things, to regulatory and other approvals, further tax

analysis and due diligence in respect of the assets and liabilities to be transferred and employee consultation procedures (the **Proposed Transfers**). It is expected that the Proposed Transfers will be implemented on a phased basis over a period ending on 31 December 2013. A large part of the Proposed Transfers (including of certain debt securities issued by RBS N.V.) is expected to have taken place by the end of 2012. It was disclosed in the Base Prospectus that the Proposed Transfers would include a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the **Part VII Scheme**).

- 7** On 21 July 2011, RBS and RBS N.V. announced details of the RBS N.V. securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme. As disclosed in the Base Prospectus RBS N.V. will now be including provisions in the Final Terms for new issues of Securities under the Programme to indicate whether or not RBS is expected to become the issuer of those Securities as a result of the Part VII Scheme (subject to the relevant Securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme). If the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally.
- 8** On 22 July 2011, RBS and RBS N.V. announced that they presented a petition to the Court of Session in Scotland (the **Court**) on 21 July 2011 for an order under Part VII of the UK Financial Services and Markets Act 2000 to sanction the Part VII Scheme. Subject to regulatory approval and provided the Court makes an order sanctioning the Part VII Scheme, it is expected that the Part VII Scheme will become effective on 17 October 2011 or such other date as RBS and RBS N.V. may agree in writing. The boards of RBS and RBS N.V. also announced on 22 July 2011 (i) the proposed amendments to be made to the terms of securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme (the **Part VII Securities**) and to agreements RBS N.V. has entered into related to such securities in order to give effect to the Part VII Scheme and, amongst other matters, to mitigate certain potential adverse effects on holders of securities of RBS N.V. and (ii) certain restrictions which are proposed to be placed on RBS in relation to the Part VII Securities. For further information see the Press Release which is referred to in paragraph 9 below.
- 9** By virtue of this Supplement the press release entitled “Details of Part VII Scheme – Securities issued by, and guarantees granted by, RBS N.V.” published by the Issuer on 22 July 2011 (the **Press Release**) shall be incorporated into, and form part of, the Base Prospectus.
- 10** Any information or other documents themselves incorporated by reference, either expressly or implicitly, in the Press Release shall not be incorporated by reference into the Base Prospectus by virtue of this Supplement, except where such information or other documents are specifically incorporated by reference into the Base Prospectus. In addition, where sections of any of the documents referred to in this paragraph 10 which are incorporated by reference into the Base Prospectus by virtue of this Supplement cross-reference other sections of the same document which are not so incorporated, such cross-referenced information shall not form part of the Base Prospectus, unless otherwise incorporated by reference into the Base Prospectus.
- 11** A copy of this Supplement, the Base Prospectus and all other supplements thereto and all documents incorporated by reference in the Base Prospectus are accessible on <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, e-mail investor.relations@rbs.com.
- 12** To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Base Prospectus by virtue of this Supplement and (b) any other statement in

or incorporated by reference in the Base Prospectus or any previous supplement to the Base Prospectus, the statements referred to in (a) above will prevail.

- 13** Save as disclosed in any previous supplement to the Base Prospectus or this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus (as supplemented at the date hereof) has arisen or has been noted since the publication of the Base Prospectus.

The Royal Bank of Scotland N.V.

**LAUNCHPAD PROGRAMME
BASE PROSPECTUS RELATING TO NOTES
DATED: 1 JULY 2011**

The Royal Bank of Scotland N.V.
(incorporated in The Netherlands with its statutory seat in Amsterdam)



BASE PROSPECTUS RELATING TO

NOTES

THE ROYAL BANK OF SCOTLAND N.V.

LAUNCHPAD PROGRAMME

PROSPECTIVE PURCHASERS OF THE SECURITIES DESCRIBED IN THIS BASE PROSPECTUS (THE “SECURITIES”) 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 SUSTAIN A TOTAL LOSS IN THE VALUE OF THEIR INVESTMENT (UNLESS THE SECURITIES ARE OF A TYPE IN WHICH CAPITAL IS PROTECTED). 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, IN PARTICULAR, TO THE SECTIONS “RISK FACTORS” IN THIS BASE PROSPECTUS AND IN THE REGISTRATION DOCUMENT FOR A MORE COMPLETE EXPLANATION OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE SECURITIES.

SERIES OF SECURITIES TO BE ISSUED UNDER THE PROGRAMME DESCRIBED BY THIS BASE PROSPECTUS (THE “PROGRAMME”) MAY BE RATED OR UNRATED. WHERE A SERIES OF SECURITIES IS TO BE RATED, SUCH RATING WILL NOT NECESSARILY BE THE SAME AS ANY RATING ASSIGNED TO ANY SECURITIES ALREADY ISSUED. WHETHER OR NOT A RATING IN RELATION TO ANY SERIES OF SECURITIES WILL BE TREATED AS HAVING BEEN ISSUED BY A CREDIT RATING AGENCY ESTABLISHED IN THE EUROPEAN UNION AND REGISTERED UNDER REGULATION (EC) No 1060/2009 ON CREDIT RATING AGENCIES (THE “CRA REGULATION”) WILL BE DISCLOSED IN THE RELEVANT FINAL TERMS. A SECURITY RATING IS NOT A RECOMMENDATION TO BUY, SELL OR HOLD SECURITIES AND MAY BE SUBJECT TO SUSPENSION, REDUCTION OR WITHDRAWAL AT ANY TIME BY THE ASSIGNING RATING AGENCY.

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR POLITICAL SUBDIVISION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE U.S. STATE SECURITIES LAWS. THE SECURITIES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN OFFSHORE TRANSACTIONS THAT MEET THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. FURTHERMORE, TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

THE SECURITIES DO NOT CONSTITUTE UNITS OF COLLECTIVE INVESTMENT SCHEMES WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”) AND ARE NOT SUBJECT TO THE APPROVAL OF, OR SUPERVISION BY THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (“FINMA”). HOLDERS OF THE SECURITIES ARE EXPOSED TO THE CREDIT RISK OF THE ISSUER.

THIS BASE PROSPECTUS CONSTITUTES A BASE PROSPECTUS FOR THE PURPOSES OF ARTICLE 5.4 OF DIRECTIVE 2003/71/EC (THE “PROSPECTUS DIRECTIVE”).

THE ROYAL BANK OF SCOTLAND N.V. (THE “ISSUER”) ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS BASE PROSPECTUS, AS COMPLETED AND/OR AMENDED BY THE FINAL TERMS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE ISSUER (WHICH HAS TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE) THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

APPLICATION WILL BE MADE TO NYSE EURONEXT FOR SECURITIES TO BE ADMITTED TO TRADING AND LISTED ON EURONEXT AMSTERDAM N.V. (“EURONEXT AMSTERDAM”) BY NYSE EURONEXT UP TO THE EXPIRY OF 12 MONTHS FROM THE DATE OF THIS BASE PROSPECTUS. IN ADDITION, SECURITIES MAY BE LISTED OR ADMITTED TO TRADING, AS THE CASE MAY BE, ON ANY OTHER STOCK EXCHANGE OR MARKET SPECIFIED IN THE APPLICABLE FINAL TERMS. THE ISSUER MAY ALSO ISSUE UNLISTED SECURITIES.

REFERENCES IN THIS PROGRAMME TO SECURITIES BEING “LISTED” (AND ALL RELATED REFERENCES) SHALL, UNLESS THE CONTEXT OTHERWISE REQUIRES, MEAN THAT SUCH SECURITIES WILL BE ADMITTED TO TRADING AND WILL BE LISTED ON EURONEXT AMSTERDAM OR ANY OTHER REGULATED MARKET FOR THE PURPOSES OF DIRECTIVE 2004/39/EC (THE “MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE”).

THE ISSUER HAS NOT AUTHORISED THE MAKING OR PROVISION OF ANY REPRESENTATION OR INFORMATION REGARDING THE ISSUER OR ANY SECURITIES OTHER THAN THOSE CONTAINED IN THIS BASE PROSPECTUS. NEITHER THE DELIVERY OF THIS DOCUMENT NOR THE DELIVERY OF ANY OTHER DOCUMENTS OF THE LAUNCHPAD PROGRAMME NOR ANY INFORMATION PROVIDED IN THE COURSE OF A TRANSACTION IN SECURITIES SHALL, IN ANY CIRCUMSTANCES, BE CONSTRUED AS A RECOMMENDATION BY THE ISSUER 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.

THE DELIVERY OF THIS DOCUMENT DOES NOT AT ANY TIME IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE OF THIS BASE PROSPECTUS OR THE DATE UPON WHICH THIS BASE PROSPECTUS HAS BEEN MOST RECENTLY AMENDED OR SUPPLEMENTED. THE ISSUER DOES NOT INTEND TO PROVIDE ANY POST-ISSUANCE INFORMATION.

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WHERE INFORMATION HAS BEEN SOURCED FROM A THIRD PARTY, THE ISSUER CONFIRMS THAT THIS INFORMATION HAS BEEN ACCURATELY REPRODUCED AND THAT AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THIS BASE PROSPECTUS IS TO BE READ IN CONJUNCTION WITH ALL DOCUMENTS THAT ARE DEEMED TO BE INCORPORATED HEREIN BY REFERENCE AND SHALL BE READ AND CONSTRUED ON THE BASIS THAT SUCH DOCUMENTS ARE INCORPORATED IN AND FORM PART OF THE BASE PROSPECTUS.

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IN CONNECTION WITH THE ISSUE OF ANY SERIES OF SECURITIES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT SERIES OF SECURITIES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT SERIES OF SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT SERIES OF SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

FOR UNITED KINGDOM TAX PURPOSES, THE TERM “SECURITY” OR “SECURITIES” REFERS TO INSTRUMENTS OF THE TYPE DESCRIBED IN THIS BASE PROSPECTUS AND IS NOT INTENDED TO BE DETERMINATIVE (OR INDICATIVE) OF THE NATURE OF THE INSTRUMENT FOR THE PURPOSES OF UNITED KINGDOM TAXATION.

THIS BASE PROSPECTUS WILL BE FILED WITH THE SIX SWISS EXCHANGE LTD AND APPLICATION MAY BE MADE TO LIST THE SECURITIES UNDER THE PROGRAMME ON THE SIX SWISS EXCHANGE LTD. IN RESPECT OF SECURITIES TO BE LISTED ON THE SIX SWISS EXCHANGE LTD, THE PROGRAMME, TOGETHER WITH THE FINAL TERMS, WILL CONSTITUTE THE LISTING PROSPECTUS PURSUANT TO THE LISTING RULES OF THE SIX SWISS EXCHANGE LTD.

Securities which are sold to a non-U.S. person (within the meaning of Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) in an “offshore transaction” within the meaning of Regulation S may be issued in global bearer form or dematerialised form.

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Summary

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Securities should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer in respect of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area (an “EEA State”), the claimant may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this summary.

Issuer: The Royal Bank of Scotland N.V. (previously named ABN AMRO Bank N.V.) (the “**Issuer**” or “**RBS N.V.**”) acting through its London branch at 250 Bishopsgate, London, EC2M 4AA.

History and Incorporation: RBS N.V. is a public limited liability company incorporated under Dutch law on 7 February 1825. RBS N.V. is registered in the Trade Register of Amsterdam under number 33002587. RBS N.V.’s registered office is at Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam, The Netherlands.

RBS N.V. is a wholly-owned subsidiary of RBS Holdings N.V. (previously named ABN AMRO Holding N.V.) (“**RBS Holdings**”), which is a public limited liability company incorporated under Dutch law on 30 May 1990. The registered office of RBS Holdings is at Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam, The Netherlands.

RBS Holdings has one subsidiary, RBS N.V., and RBS N.V. has various subsidiaries.

As used herein, the “**Group**” refers to RBS Holdings and its consolidated subsidiaries. The term “**RBSG**” refers to The Royal Bank of Scotland Group plc and the “**RBSG Group**” refers to RBSG and its subsidiaries consolidated in accordance with International Financial Reporting Standards. The term “**RBS**” refers to The Royal Bank of Scotland plc.

Overview: The Issuer is a bank licensed and regulated by the Dutch Central Bank (*De Nederlandsche Bank*).

The Issuer operates on a significant scale across Europe, the Middle

East and Africa (EMEA), the Americas and Asia. The Group had total assets of €200.4 billion and owner's equity of €4.95 billion as at 31 December 2010. As at 31 December 2010, the Group's capital ratios were a total capital ratio of 15.8 per cent., a Core Tier 1 capital ratio of 8.7 per cent. and a Tier 1 capital ratio of 11.0 per cent.

RBS Holdings and RBS N.V. form part of the RBSG Group. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the RBSG Group operates in the United Kingdom, the United States and internationally through its three principal subsidiaries, RBS, National Westminster Bank Public Limited Company ("NatWest") and RBS N.V.. Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the RBSG Group's subsidiary Citizens is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The RBSG Group had total assets of £1,453.6 billion and owners' equity of £75.1 billion as at 31 December 2010. As at 31 December 2010, the RBSG Group's capital ratios were a total capital ratio of 14.0 per cent., a Core Tier 1 capital ratio of 10.7 per cent. and a Tier 1 capital ratio of 12.9 per cent.

Group Organisational Structure:

The Group comprises of the following four segments:

- Global Banking & Markets ("GBM"): The GBM segment represents the business providing an extensive range of debt and equity financing, risk management and investment services as a leading banking partner to major corporations and financial institutions around the world. The GBM business within the Group is organised along four principal business lines: Global Lending, Equities, Short Term Markets & Funding, and Local Markets.
- Global Transaction Services ("GTS"): GTS provides global transaction services, offering Global Trade Finance, Transaction Banking and International Cash Management.
- Central Items: The Central Items segment includes group and corporate functions, such as treasury, capital management and finance, risk management, legal, communications and human resources. Central Items manages the Group's capital resources, statutory and regulatory obligations and provides

services to the branch network.

- **Non-Core Segment:** The Non-Core segment contains a range of businesses and asset portfolios managed separately that the Group intends to run off or dispose of, in line with the RBSG Group strategy for Non-Core assets. It also includes the remaining assets and liabilities in RBS N.V. that have not yet been sold, wound down or alternatively transferred by the Consortium Members (as defined below), in which each of the Consortium Members has a joint and indirect interest.

Global Banking & Markets, Global Transaction Services and Central Items comprise the Group's Core segments.

These RBS N.V. businesses are part of global business units of the RBSG Group that operate across multiple legal entities. The strategy of RBS N.V. is part of the overall business strategy of the RBSG Group. RBS Holdings has been restructured into Core and Non-Core components. The RBSG Group expects to substantially run down or dispose of the businesses, assets and portfolios within the Non-Core division by 2013 and has completed the sale of businesses in Latin America, Asia, Europe and the Middle East..

Separation from the ABN AMRO Group:

On 17 October 2007, RFS Holdings B.V. ("**RFS Holdings**"), which at the time was owned by RBSG, Fortis N.V., Fortis S.A./N.V., Fortis Bank Nederland (Holding) N.V. and Banco Santander, S.A. ("**Santander**"), completed the acquisition of ABN AMRO Holding N.V., which was renamed RBS Holdings N.V. on 1 April 2010 when the shares in ABN AMRO Bank N.V. were transferred to ABN AMRO Group N.V., a holding company for the interests of the State of The Netherlands (the "**Dutch State**"). This marked a substantial completion of the restructuring of the activities of ABN AMRO Holding N.V. in accordance with the agreement between RBSG, the Dutch State and Santander (the "**Consortium Members**"). RBS Holdings has one direct subsidiary, RBS N.V., a fully operational bank within the Group, which is independently rated and regulated by the Dutch Central Bank.

On 31 December 2010, the share capital of RFS Holdings was amended, such that approximately 98 per cent. of RFS Holdings' issued share capital is now held by RBSG, with the remainder being held by Santander and the Dutch State. Ultimately it is expected that RFS Holdings will become a wholly-owned subsidiary of RBSG.

Proposed transfer of activities:

On 19 April 2011, the Boards of RBSG, RBS, RBS Holdings and RBS N.V. announced that they had approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the “**Proposed Transfers**”), subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

It was also announced that it was expected that the Proposed Transfers would be implemented on a phased basis over a period ending 31 December 2013 and that a large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) was expected to have taken place by the end of 2012. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. Subject to internal approvals, it is expected that these will include a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Part VII Scheme**”). Implementation of the Part VII Scheme will be subject (amongst other matters) to court and regulatory approval. In due course, it is expected that details will be announced of the RBS N.V. securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme. From on or around the date of such announcement, RBS N.V. will include provisions in the Final Terms for new issues of Securities under the Programme to indicate whether or not RBS is expected to become the issuer of those Securities as a result of the Part VII Scheme (subject to the relevant Securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme). In advance of that, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus. If the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally.

Risk Factors:

Risks Relating to the Issuer

PART A: In relation to RBS N.V.

Certain factors may affect RBS N.V.’s ability as Issuer to fulfil its

obligations under the Securities, including:

- The Group is reliant on the RBSG Group.
- The Group's businesses, earnings and financial condition have been and will continue to be affected by the global economy and instability in the global financial markets.
- An extensive restructuring and balance sheet reduction programme of the RBSG Group is ongoing. In particular, on 19 April 2011, the boards of RBSG, RBS, RBS Holdings and RBS N.V. approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS. Such restructuring and balance sheet reduction programme may adversely affect the Group's business, results of operations, financial condition, capital ratios and liquidity and may also negatively impact the value of the Securities.
- Lack of liquidity is a risk to the Group's business and its ability to access sources of liquidity has been, and will continue to be, constrained.
- The financial performance of the Group has been materially affected by deteriorations in borrower credit quality and it may continue to be impacted by any further deteriorations including as a result of prevailing economic and market conditions, and legal and regulatory developments.
- The actual or perceived failure or worsening credit of the Group's counterparties has adversely affected and could continue to adversely affect the Group.
- The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the Group's business and results of operations.
- The Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its credit ratings.

- The Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.
- The Group operates in markets that are highly competitive and consolidating. If the Group is unable to perform effectively, its business and results of operations will be adversely affected.
- As a condition to the RBSG Group receiving HM Treasury support, the Group is prohibited from making discretionary coupon payments on, and exercising call options in relation to, certain of its existing hybrid capital instruments, which may impair the Group's ability to raise new capital through the issuance of Securities.
- The Group could fail to attract or retain senior management, which may include members of the Group's Supervisory Board and Managing Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments could have an adverse effect on how the Group conducts its business and on its results of operations and financial condition.
- The Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- The Group is subject to enforcement risks relating to the United States Department of Justice's criminal investigation of its dollar clearing activities.
- The legal demerger of ABN AMRO Bank N.V. (as it was then named) has resulted in a cross liability that changes the legal recourse available to investors.

- Operational risks are inherent in the Group's operations.
- The Group is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in the jurisdictions in which it operates.
- The Group's operations have inherent reputational risk.
- The Group's business and earnings may be adversely affected by geopolitical conditions.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the Group depends on the Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- In addition to the risk factors described above, the Group is also subject to additional risks related to the entry by RBSG Group into the asset protection scheme and the two back to back contracts entered into by RBS in connection with certain assets and exposures of RBS N.V. and its wholly owned subsidiaries.

PART B: In relation to RBS

If RBS becomes the issuer of Securities as a result of the Part VII Scheme (as described above), then certain factors may affect RBS' ability to fulfil its obligations under the Securities, including:

- RBSG and its United Kingdom bank subsidiaries may face the risk of full nationalisation or other resolution procedures under the Banking Act 2009.
- The RBSG Group's businesses, earnings and financial condition have been and will continue to be affected by the global economy and instability in the global financial markets.
- The RBSG Group is subject to a variety of risks as a result of implementing the State Aid restructuring plan and is prohibited from making discretionary dividend or coupon payments on existing hybrid capital instruments (including preference shares and B Shares) which may impair the RBSG Group's ability to raise new Tier 1 capital.
- The RBSG Group's ability to implement its strategic plan depends on the success of the RBSG Group's refocus on its

core strengths and its balance sheet reduction programme.

- Lack of liquidity is a risk to the RBSG Group's business and its ability to access sources of liquidity has been, and will continue to be, constrained.
- The financial performance of the RBSG Group has been materially affected by deteriorations in borrower credit quality and it may continue to be impacted by any further deteriorations including as a result of prevailing economic and market conditions, and legal and regulatory developments.
- The actual or perceived failure or worsening credit of the RBSG Group's counterparties has adversely affected and could continue to adversely affect the RBSG Group.
- The RBSG Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions.
- The value or effectiveness of any credit protection that the RBSG Group has purchased from monoline and other insurers and other market counterparties (including credit derivative product companies) depends on the value of the underlying assets and the financial condition of the insurers and such counterparties.
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBSG Group's business and results of operations.
- The RBSG Group's borrowing costs, its access to the debt capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings.
- The RBSG Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements.
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over

time or may ultimately not turn out to be accurate.

- The RBSG Group operates in markets that are highly competitive and consolidating. If the RBSG Group is unable to perform effectively, its business and results of operations will be adversely affected.
- The RBSG Group could fail to attract or retain senior management, which may include members of the Board, or other key employees, and it may suffer if it does not maintain good employee relations.
- Each of the RBSG Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments could have an adverse effect on how the RBSG Group conducts its business and on its results of operations and financial condition.
- The RBSG Group is and may be subject to litigation and regulatory investigations that may impact its business.
- The RBSG Group's results have been and could be further materially adversely affected in the event of goodwill impairment.
- The RBSG Group may be required to make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.
- Operational risks are inherent in the RBSG Group's operations.
- The RBSG Group is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in the jurisdictions in which it operates.
- HM Treasury (or UK Financial Investments Limited on its behalf) may be able to exercise a significant degree of influence over the RBSG Group.
- The offer or sale by the United Kingdom Government of all or a portion of its stake in RBSG could affect the market price of the Securities and related securities.
- The RBSG Group's operations have inherent reputational risk.
- In the United Kingdom and in other jurisdictions, the RBSG

Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers.

- The RBSG Group's business and earnings may be adversely affected by geopolitical conditions.
- The restructuring plan for RBS Holdings is complex and may not realise the anticipated benefits for the RBSG Group.
- The recoverability and regulatory capital treatment of certain deferred tax assets recognised by the RBSG Group depends on the RBSG Group's ability to generate sufficient future taxable profits and there being no adverse changes to tax legislation, regulatory requirements or accounting standards.
- RBS has entered into a credit derivative and a financial guarantee contract with RBS N.V. which may adversely affect the results of RBS and its subsidiaries (consolidated in accordance with International Financial Reporting Standards) (the "RBS Group").
- The RBSG Group's participation in the Asset Protection Scheme ("APS") is costly and may not produce the benefits expected and the occurrence of associated risks may have a material adverse impact on the RBSG Group's business, capital position, financial condition and results of operations.
- If the RBSG Group is unable to issue the Contingent B Shares to HM Treasury, it may have a material adverse impact on the RBSG Group's capital position, liquidity, operating results and future prospects.
- There are limits on APS coverage and uncovered exposures and risks may have a material adverse impact on the RBSG Group's business, financial condition, capital position, liquidity and results of operations.
- The extensive governance, asset management and information requirements under the Scheme Conditions and any changes or modifications to the Scheme Conditions may have a negative impact on the expected benefits of the contracts and may have an adverse impact on the RBSG Group.

- Any changes to the expected regulatory capital treatment of the APS, the B Shares and the Contingent B Shares may negatively impact the RBSG Group's capital position.
- The costs of the APS may be greater than the benefits received.
- Participation in the APS may result in greater tax liabilities for the RBSG Group and the loss of potential tax benefits.
- There are significant costs associated with termination of the RBSG Group's participation in the APS.
- Under certain circumstances, the RBSG Group cannot be assured that assets of RBS Holdings (and certain other entities) will continue to be covered under the APS, either as a result of a withdrawal of such assets or as a result of a breach of the relevant obligations.
- Any conversion of the B Shares, in combination with any future purchase by HM Treasury of Ordinary Shares, would increase HM Treasury's ownership interest in RBSG, and could result in the delisting of RBSG from the Official List.
- Participation in the APS may give rise to litigation and regulatory risk.

Risks Relating to the Securities

Certain factors represent risks inherent in investing in the Securities issued, including:

- The Securities are notes which may or may not bear interest. Securities which are not capital protected may result in each holder of the Securities (each, a "Holder" and together, the "Holders") losing some or all of their investment. Securities where the interest amount paid is dependant on the performance of the Underlying may result in the Holder receiving no or only a limited periodic return on his investment.
- The Securities may not be a suitable investment for all investors and each potential investor must determine the suitability in light of its own circumstances. Some Securities are complex financial instruments and a potential investor should not invest in such Securities unless it has the relevant expertise.

- Several factors will influence the value of the Securities and many of which are beyond the Issuer's control. Such factors include changes in the value of the Underlying, interest rate risk with respect to the currency of denomination of the Underlying and/or the Securities, the volatility of the Underlying, fluctuations in the rates of exchange or value of currencies relating to the Securities and/or the Underlying, restrictions on the exchangeability of currencies relating to the Securities and/or the Underlying, disruptions affecting the value or settlement of the Securities and/or the Underlying and the creditworthiness of the Issuer.
- There may not be a secondary market in the Securities. As a consequence, liquidity in the Securities should be considered as a risk. In the event that such a secondary market does not develop, an investor selling the Securities is unlikely to be able to sell its Securities or at prices that will provide him with a yield comparable to similar investments that have developed a secondary market.
- As part of its issuing, market making and/or trading arrangements, the Issuer may issue more Securities than those which are to be subscribed or purchased by third-party investors. The issue size is therefore not indicative of the depth or liquidity of the market or of the demand for such Series of Securities.
- The Securities may not be a perfect hedge to an Underlying nor may it be possible to liquidate the Securities at a level which directly reflects the price of the Underlying.
- The Issuer and/or its affiliates may enter into transactions or carry out other activities in relation to the Underlying which may affect the market price, liquidity or value of the Underlying and/or the Securities in a way which could be adverse to the interests of the Holders.
- The Issuer's hedge position (if any) in the jurisdiction of the relevant Underlying could be impacted by foreign exchange control restrictions. In certain circumstances, including the insolvency of the hedging counterparty or the unenforceability of the associated hedging transaction (if any), the investor may lose some or all of its investment.

- The Securities convey no interest in the Underlying to the investors. The Issuer may choose not to hold the Underlying or any derivative contracts linked to the Underlying.
- The Calculation Agent is the agent of the Issuer and not the Holders. The Calculation Agent may make adjustments as a result of certain corporate actions affecting the Underlying. In making such adjustments, the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest.
- Taxes may be payable by purchasers and sellers of the Securities and tax regulations and their application may change from time to time.
- If payments on the Securities are or become subject to a withholding or deduction required by law, none of the Issuer, the Principal Agent nor any other person shall pay any additional amounts to the Holders in respect of such withholding or deduction.
- The Issuer may elect to terminate the Securities early should U.S. withholding tax apply to any current or future payments on the Security.
- The Issuer may terminate the Securities early if it determines that the performance of its obligations under the Securities or that maintaining its hedging arrangement (if any) is no longer legal or practical in whole or in part for any reason.
- Where the Securities are held in global or dematerialised form by or on behalf of a clearing system, the Issuer and any Agent shall treat the bearer of the Securities or the relevant clearing system as the sole holder of such Securities. Holders must look to the relevant clearing system in respect of payments made in respect of such Securities.
- Where an investor uses a nominee service provider or holds interests in Securities through accounts with a clearing system, such investor will receive payments in respect of the Securities solely on the basis of the arrangements with such third party and is exposed to the

credit risk and default risk of such third party.

- An investor's total return on an investment in any Securities will be affected by the level of fees charged by any nominee service provider or clearing system used by the investor.
- No assurance can be given as to the impact of any possible change to English law or administrative practice. English law may be materially different from the equivalent law in the home jurisdiction of prospective investors.
- Credit ratings assigned to the Securities may not reflect the potential impact of all the risks that may affect the value of the Securities.
- The investment activities of investors may be restricted by legal investment laws and regulations, or by the review or regulation by certain authorities.
- The Issuer may make modifications to the Securities without the consent of the Holders which may affect the Holders' interest for the purpose of curing an error or ambiguity, substituting itself as debtor or in any other manner which is not materially prejudicial to the interests of the Holders.

Guarantor:

RBS Holdings pursuant to its declaration under Article 2:403 of the Netherlands Civil Code.

Principal Agent and Calculation Agent:

RBS N.V., acting through its London branch at 250 Bishopsgate, London EC2M 4AA.

Listing and Admission to Trading:

Application will be made to NYSE Euronext or any other stock exchange or market specified in the Final Terms for Securities to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext or any other stock exchange or market specified in the Final Terms up to the expiry of 12 months from the date of this Base Prospectus. The Issuer may also issue unlisted Securities.

Description of the Securities:

A range of notes may be issued under this Base Prospectus. The terms and conditions (the "**Conditions**") applicable to such notes are contained in the General Conditions which are applicable to all notes, the Product Conditions applicable to the particular type of note being issued and the Final Terms applicable to the particular Series being issued.

Notes are investment instruments which may or may not bear interest

and which, at maturity or earlier termination, either pay a cash amount which may or may not be equal to the nominal amount of the relevant note, less certain expenses (the “**Cash Amount**”) or, in the case of exchangeable notes, permit the Holder to exchange his note for, depending on the terms of the relevant note, a defined amount of the Underlying (as defined below) or an amount in cash calculated by reference to the value of the Underlying (the “**Conversion Amount**”). The amount of interest to be paid and/or the Cash Amount and/or the Conversion Amount may or may not be dependent upon the performance of an underlying reference rate, stock, index (including in the case of an index, the index and its constituent elements) or basket (together, the “**Underlying**”), in all cases, as provided in the terms of the relevant note. The types of note that may be issued under this Base Prospectus are described below.

Range Accrual Notes:

Range accrual notes are interest bearing cash settled securities. Range accrual notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a range accrual note depends on the performance of one or more underlying reference rates, as specified in the applicable Final Terms. Typically, interest will accrue for each relevant day in an interest period on which the Underlying performs in the manner specified in the Final Terms but will not accrue in respect of other days. Interest on a range accrual note may also be paid at a pre-determined specified rate for certain interest periods specified in the applicable Final Terms.

Ladder Notes:

Ladder notes are interest bearing cash settled securities which may be called by the Issuer on specified dates. Ladder notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a ladder note depends on the performance of an underlying reference rate, as specified in the applicable Final Terms. Typically, interest will be paid in respect of each interest period either at a pre-determined specified rate or at the difference between a pre-determined specified rate and an identified floating rate for the relevant interest period, subject in the latter case to any minimum rate specified for the relevant interest period, all as specified in the applicable Final Terms.

Target Coupon Notes:

Target coupon notes are interest bearing cash settled securities. Target coupon notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a target coupon note depends on the performance of one or more underlying shares, as specified in the applicable Final Terms. Typically, a target interest amount will

be set which, if reached prior to maturity, may result in early termination of the securities. In certain cases additional interest amounts may also be paid as specified in the applicable Final Terms.

Rate Notes:

Rate notes are cash settled securities which may or may not bear interest and are redeemed at their nominal amount or a stated percentage thereof. The amount of interest paid on a rate note may depend on the performance of one or more underlying reference rates and/or may be determined by reference to a fixed rate or rates, as specified in the applicable Final Terms.

Zero Coupon Notes:

Zero coupon notes are cash settled securities which are issued at a percentage of the nominal amount and which do not bear any interest.

Currency Exchange Notes:

Currency exchange notes are cash settled securities which may or may not bear interest and are redeemed at their nominal amount or a stated percentage thereof. The amount of interest paid on a currency exchange note will depend on the performance of one or more underlying currency exchange rates, as specified in the applicable Final Terms.

Yield Discovery Notes:

Yield discovery notes are capital protected interest bearing cash settled securities. Yield discovery notes are redeemed at their nominal amount. The amount of interest paid on a yield discovery note depends on the performance of an underlying basket of shares, as specified in the applicable Final Terms. The maximum rate of interest so determined may be capped at the level specified in the applicable Final Terms. Interest on a yield discovery note may also be paid at a pre-determined specified rate for certain interest periods as specified in the applicable Final Terms. The rate of interest for certain interest periods may be at least the level of the previous year.

Certificate Notes:

Certificate notes are cash settled securities which may or may not be interest bearing or capital protected. The Cash Amount payable at maturity of a certificate note will at least equal its nominal amount (if it is capital protected) plus a return (which may be zero) calculated by reference to the performance of one or more underlying certificates, as specified in the applicable Final Terms.

Index Notes:

Index notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms. The Cash Amount payable at maturity on an index note will at least equal a specified percentage of its nominal amount but may be higher than

that amount and may be subject to a capped maximum gain depending on the performance of the Underlying, as specified in the applicable Final Terms.

Inflation Index Notes:

Inflation index notes are fixed-income securities that track a consumer price index and offer a real rate of return; that is, they generate monthly interest payments that exceed the prevailing inflation rate by a specified amount.

Callable Index Notes:

Callable index notes are non-interest bearing cash settled securities. The Cash Amount payable on the note will depend on the performance of the underlying index specified in the applicable Final Terms. If during the life of the note the Issuer determines that an early redemption event has occurred, the note may be redeemed at an amount determined in the manner specified in the applicable Final Terms. If, by the maturity date, an early redemption event has not occurred, the Cash Amount paid in respect of the note will depend upon the performance of the Underlying at maturity and may be less than the nominal amount of the note.

Autocallable Notes:

Autocallable Notes are cash settled or physically settled (if specified in the applicable Final Terms) securities which are not capital protected and may be interest bearing. The Cash Amount payable on, and the maturity date of, the note will depend on the performance of the Underlying specified in the applicable Final Terms. If on specified dates during the life of the note the level of the Underlying performs in a specified manner (an “**Early Termination Event**”), the note will be redeemed at its nominal amount plus an additional amount specified in the applicable Final Terms. If, by the maturity date, an Early Termination Event has not occurred, the Cash Amount paid in respect of the note will depend upon the performance of the Underlying at maturity and may be less than the nominal amount of the note.

Share Notes:

Share notes are cash settled securities and may be interest bearing. If applicable, interest may be payable on a share note at a rate specified in the applicable Final Terms. The Cash Amount payable at maturity of a share note may be at least equal to a specified percentage of its nominal amount, may be subject to a capped gain and/or may depend on the performance of the Underlying, as specified in the applicable Final Terms.

Exchangeable Notes:

Exchangeable notes may be cash settled or physically settled securities and may be interest bearing. If applicable, interest may be

payable on an exchangeable note at a rate specified in the applicable Final Terms. The cash amount payable at maturity of a cash settled exchangeable note may be at least equal to a specified percentage of its nominal amount, may be subject to a capped gain and/or may depend on the performance of the Underlying, as specified in the applicable Final Terms. In the case of a physically settled exchangeable note, the share amount to be delivered will be determined by reference to the performance of the underlying share in the manner specified in the applicable Final Terms.

Multi-Asset Basket Linked Notes:

Multi-asset Basket Linked Notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms. The cash amount payable at maturity on a note will at least equal a specified percentage of its Nominal Amount but may be higher than that amount and may be subject to a capped maximum gain depending on the performance of the Underlying, as specified in the applicable Final Terms.

Fund Linked Notes:

Fund linked notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms.

Basket related Capital Protected Notes:

Basket related capital protected notes enable investors to participate in the performance of one or more baskets of different components relating to the relevant Series (including, without limitation and as specified in the applicable Final Terms, an index component, a real estate index component, a commodity component or a bond index component). In addition to capital protection, an investor may, as specified in the applicable Final Terms, receive an additional amount depending on the performance of one or more baskets of different components. If specified in the applicable Final Terms, an Interim Cash Settlement Amount or Interest Amount (each as defined in the applicable Final Terms) will be payable (subject to any applicable conditions being met) on the Interim Cash Settlement Amount Payment Date or each Interest Payment Date, as the case may be.

Commodity Notes:

Commodity notes are cash settled securities which may be partially or fully capital protected and may or may not be interest bearing. The Cash Amount payable at maturity of a commodity note is calculated by reference to the performance of one or more underlying commodities, as specified in the applicable Final Terms.

Index and Inflation Index Notes:	Index and Inflation Index notes are cash settled securities which are redeemed at their nominal amount or a stated percentage thereof, and may be interest bearing. If applicable, interest will be payable at a rate specified in the applicable Final Terms; that may depend upon the performance of both the index and the inflation index to which the notes are linked.
Indicative Issue Price:	The Securities will be issued at their nominal amount or a percentage thereof.
Maturity:	The Securities have a fixed maturity date, as specified in the applicable Final Terms, but may be subject to early termination in the event that the level of the Underlying exceeds a level specified in the applicable Final Terms or if the Issuer has a call option.
Interest:	The Securities may bear interest, as specified in the applicable Final Terms.
General Conditions:	Set out below is a summary of certain significant provisions of the General Conditions applicable to all Securities issued under this Base Prospectus.
<i>Status of the Securities:</i>	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.
<i>Early Termination:</i>	<p>The Issuer may terminate any Securities if it shall have determined in its absolute discretion that 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 law. In such circumstances the Issuer will, to the extent permitted by 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.</p> <p>The Issuer may terminate any Securities if it shall have determined in its absolute discretion that payments made on the Securities are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity and that these payments have or will become subject to U.S. withholding tax. In such circumstances the Issuer will, to the extent permitted by 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</p>

immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements and of paying any required U.S. withholding tax.

Hedging Disruption:

If a Hedging Disruption Event (as defined in General Condition 5) occurs, the Issuer will at its discretion (i) terminate the Securities and 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 or (ii) make a good faith adjustment to the relevant reference asset as described in General Condition 5(c) or (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. The Issuer may make adjustments following any event likely to have a material adverse effect on the Issuer's hedge position, subject to the conditions set out in General Condition 5(d).

Substitution:

The Issuer may at any time, without the consent of the Holders substitute for itself as Issuer of the Securities, RBS or any entity other than RBS subject to the conditions set out in General Condition 8. In certain cases, substitution may be required to be effected in accordance with the rules of one or more clearing systems specified in the applicable Final Terms.

Taxation:

The Holder (and not the Issuer) 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 to any Holder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

Events of Default:

The terms of the Securities will contain the following events of default:

- (a) default in payment of any principal or interest due in respect of the Securities, continuing for a specified period of time;
- (b) non-performance or non-observance by the Issuer of any of its other obligations under the Securities continuing for a specified period of time; and
- (c) events relating to the winding up of the Issuer.

Product Conditions:

Set out below is a summary of certain significant provisions of the Product Conditions applicable to the Securities to be issued under this Base Prospectus.

Form of Securities:

The Securities, other than Securities issued in dematerialised form, will be issued in global bearer form.

If SIX SIS Ltd is specified as Clearing Agent, Securities will, following their issuance, be transformed into intermediated securities in accordance with article 6 of the Swiss Federal Intermediated Securities Act.

If CREST (defined below under “General Information” – “Clearing and Settlement Systems”) is specified as the Clearing Agent in the applicable Final Terms, notwithstanding any provisions to the contrary contained in this Base Prospectus, the Securities will be registered Securities in dematerialised and uncertificated form.

Settlement of Securities:

Securities shall be cash settled or, in the case of exchangeable notes, either cash settled or physically settled, as specified in the applicable Final Terms.

Market Disruption Events:

If a Market Disruption Event occurs Holders of Securities may experience a delay in settlement or delivery and the cash price paid on settlement and the value of the Underlying delivered may be adversely affected. Market Disruption Events are defined in Product Condition 4 for each type of Security and vary depending on the type of Security.

Emerging Market Disruption Events:

The Emerging Market Disruption Events reflect the substantial risks associated with investing in emerging markets in addition to those risks normally associated with making investments in other countries. Potential investors should note that the securities markets in emerging market jurisdictions are generally substantially smaller and at times have been more volatile and illiquid than the major securities markets in more developed countries. If an Emerging Market Disruption Event occurs Holders may experience a delay in settlement or delivery and the cash price paid on settlement may be adversely affected. Emerging Market Disruption Events are defined in section 1 of the Product Conditions.

Settlement Disruption Event:

If a Settlement Disruption Event occurs in relation to a physically settled Security, the Holder may experience a delay in delivery of the Underlying and, where a cash price equivalent to the value of the Underlying is paid in lieu of delivery of the Underlying, the cash

price paid may be adversely affected. Settlement Disruption Events are defined in the Product Conditions for Securities which may be physically settled and vary depending on the type of Security.

Potential Adjustment Event:

If a Potential Adjustment Event occurs the Calculation Agent may adjust one or more of the Conditions to account for the diluting or concentrative effect of the Potential Adjustment Event. Potential Adjustment Events are defined in Product Condition 4 for each type of Security (if applicable) and vary depending on the type of Security.

Fund Event:

If a Fund Event occurs, the Issuer or the Calculation Agent on its behalf, in each case acting in good faith and in a commercially reasonable manner, may adjust one or more of the Conditions to reflect the impact of the Fund Event. Fund Events are defined in Product Condition 4 for each type of Security (if applicable).

De-listing:

If a De-listing occurs the Calculation Agent may adjust one or more of the Conditions, including replacing the relevant Underlying, to account for such event. De-listing is defined in Product Condition 4 for each type of Security (if applicable).

Governing Law:

English law.

English courts:

The courts of England have exclusive jurisdiction to settle any dispute arising from or in connection with the Securities.

Final Terms:

Each Series will be the subject of a Final Terms which will contain the final terms applicable to the Series. The form of the Final Terms applicable to each type of Security is set out in this Base Prospectus.

The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Securities issued. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Securities issued are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities, or to perform any delivery obligations in relation to the Securities, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this section.

Factors that may affect the Issuer's ability to fulfil its obligations under Securities issued

Each potential investor in the Securities should refer to the Risk Factors section in the Registration Document on pages 3-20 (as supplemented) incorporated by reference into this Base Prospectus for a description of those factors which may affect the Issuer's ability to fulfil its obligations under Securities issued. As stated in the section entitled "General Information – Part A: General – Proposed Transfers", certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus. This disclosure includes certain risk factors relating to RBS and the RBSG Group. In respect of that disclosure, each potential investor in the Securities should refer to the Risk Factors section in the RBS Registration Document on pages 3-31.

Factors which are material for the purpose of assessing the market risks associated with Securities issued

The Securities are notes which entail particular risks

The notes to be issued are investment instruments which may or may not bear interest and which (except in the case of exchangeable notes) at maturity or earlier termination pay the Cash Amount which may or may not be equal to the nominal amount of the relevant note. In the case of exchangeable notes, the Holder has the option at maturity or earlier termination to exchange the notes for a defined amount of the Underlying or the Conversion Amount, depending upon the terms of the exchangeable securities. As such, each note will entail particular risks. Notes which are not capital protected may result in the Holder losing some or, in certain limited cases, all of his initial investment. Notes where the interest amount paid is dependent upon the performance of the Underlying may result in the Holder receiving no or only a limited periodic return on his investment.

The price at which a Holder will be able to sell notes prior to their redemption may be at a potentially substantial discount to the market value of the notes at the issue date depending upon the performance of the Underlying at the time of sale.

The Securities may not be a suitable investment for all investors

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Base Prospectus or any applicable Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets;
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (f) NOT consider that the issue of Securities linked to a particular Underlying is a recommendation by the Issuer to invest (whether directly or indirectly) in that Underlying or any of its constituent elements. The Issuer and/or its affiliates may make investment decisions for themselves which differ from those that a potential investor would make by investing in the Securities. In particular, investment decisions of the Issuer and/or its affiliates are based on their current economic circumstances, overall credit exposure, risk tolerance and economic conditions, which are subject to change. The Issuer is not required to hold the Underlying (or its constituent elements) as a hedge and it may choose not to do so.

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

The value of the Securities may fluctuate

The value of the Securities may move up and down between their date of purchase and their maturity date. Holders may sustain a total loss of their investment (unless the Securities are of a type in which capital is protected). Prospective

purchasers should therefore ensure that they understand fully the nature of the Securities before they invest in the Securities.

Several factors, many of which are beyond the Issuer's 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 level of the Underlying to which such Securities are linked. It is impossible to predict how the level of the relevant Underlying will vary over time. Factors which may have an effect on the value of the Underlying include the rate of return of the Underlying and the financial position and prospects of the issuer of the Underlying or any component thereof. In addition, the level 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. Potential investors should also note that whilst the market value of the Securities is linked to the relevant Underlying and will be influenced (positively or negatively) by it, any change may not be comparable and may be disproportionate. It is possible that while the Underlying is increasing in value, the value of the Securities may fall. 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 (including an Emerging Market Disruption Event) and/or no Potential Adjustment Events and/or no De-listing and/or no Fund Event which apply.
- (b) *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.
- (c) *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.
- (d) *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.
- (e) *Disruption.* If so indicated in the Conditions, the Calculation Agent may determine that a Market Disruption Event (which includes Emerging Market Disruption Events), Fund Event, Potential Adjustment Event and/or De-listing has occurred or exists at a relevant time. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities. In addition, if so indicated in the Conditions, a Calculation Agent may determine that a Settlement Disruption Event has occurred or exists at

any relevant time in relation to a physically settled note. Any such determination may cause a delay in delivery of the Underlying and, where a cash price equivalent to the value of the Underlying is paid in lieu of delivery of the Underlying, the cash price paid may be adversely affected.

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

- (f) *Creditworthiness.* Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and of RBS Holdings (pursuant to its declaration under Article 2:403 of the Netherlands Civil Code) and has no recourse, in that respect, against any other person. The Securities constitute general, unsecured, contractual obligations of the Issuer and of no other person. The Securities rank *pari passu* among themselves.

There may not be a secondary market in the Securities

Potential investors should be willing to hold the Securities through their life. 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.

The Issuer may, in its sole and absolute discretion, decide to offer a secondary market in the Securities. In the event that the Issuer elects to offer such secondary market, the Issuer shall be entitled to impose such conditions as it, in its sole and absolute discretion, shall deem fit, including but not limited to:

- (a) providing a large bid/offer spread determined by the Issuer in its sole and absolute discretion by reference to the Issuer's own appreciation of the risks involved in providing such secondary market;
- (b) normal market conditions prevailing at such date; and
- (c) limiting the number of Securities in respect of which it is prepared to offer such secondary market.

Holders should note that the imposition of any of the above conditions may severely limit the availability of any such secondary market and may result in Holders receiving significantly less than they otherwise would have received if the Securities were redeemed at maturity.

As part of its issuing, market-making and/or trading arrangements, the Issuer may issue more Securities than those which are to be subscribed or purchased by third party investors. The Issuer (or any of its affiliates) may hold such Securities for the purpose of meeting any investor interest in the future. Prospective investors in the Securities should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

In the event that such a secondary market does not develop, it is unlikely that an investor in the Securities will be able to sell his Securities or at prices that will provide him with a yield comparable to similar investments that have a developed secondary market.

Over-Issuance

As part of its issuing, market-making and/or trading arrangements, the Issuer may issue more Securities than those which are to be subscribed or purchased by third party investors. The Issuer (or any of its affiliates) may hold such Securities for the purpose of meeting any investor interest in the future. Prospective investors in the Securities should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

Purchasing the Securities as a hedge may not be effective

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.

Actions taken by the Issuer may affect the value of the Securities

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 transactions 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.

The Issuer may also make adjustments to the Conditions if it determines that an event has occurred which, whilst not a Hedging Disruption Event or other disruption event is likely to have a material adverse effect on the Issuer's Hedge Position. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities.

Disruption of the Issuers Hedge Position may affect the value of the Securities

The Issuer may enter into a hedging transaction in the relevant jurisdiction of the Underlying in order to offer exposure to the Underlying. Foreign exchange control restrictions, including restrictions which prevent the conversion of the Underlying Currency (as defined in the Product Conditions) into the Settlement Currency (as defined in the Product Conditions) and the transfer of the Settlement Currency to accounts outside the jurisdiction of the Underlying could result in a delay in the determination of the Final Reference Price and the Settlement Date, which delay could be lengthy.

In certain circumstances, including but not limited to, the insolvency of the hedging counterparty or the unenforceability of the associated hedging transaction, an investor may lose some or all of its investment as specified in Product Condition 3(d) below.

Holders have no ownership interest in 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.

Actions taken by the Calculation Agent may affect the Underlying

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. In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Calculation Agent is not required to make adjustments with respect to each and every corporate action.

Taxes may be payable by investors

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.

No tax gross-up

If payments on the Securities are or become subject to a withholding or deduction required by law on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer will make the required withholding or deduction, as the case may be, and neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Holders in respect of such withholding or deduction. Please refer to section “General Condition 9 – Taxation”.

Payments on the Securities may be subject to U.S. withholding tax and/or early termination on account of U.S. withholding tax

Due to recently enacted U.S. legislation, payments on any Security that are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”) may become subject to a 30% U.S. withholding tax when made to Non-U.S. holders (as defined in “Taxation – United States”). The imposition of this U.S. withholding tax will reduce the amounts received by Non-U.S. holders. Neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Non-U.S. holders in respect of such U.S. withholding. Additionally, the Issuer may elect to terminate the Securities, in accordance with General Condition 3(b), should this U.S. withholding tax apply to any current or future payments on the Security. If a Non-U.S. holder becomes subject to this withholding tax, it is unclear whether the Non-U.S. holder will be able to claim any exemptions under its applicable double tax treaty. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change.

The Securities may be terminated prior to their stated date

If the Issuer determines that 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 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 less the cost to the Issuer of unwinding any underlying related hedging arrangements notwithstanding the illegality or impracticality.

Risks associated with Securities held in global form

The Securities will initially be held by or on behalf of one or more clearing systems specified in the applicable Final Terms (each a “**Relevant Clearing System**”), either in the form of a global bearer Security which will be exchangeable for definitive Securities in the event of the closure of all Relevant Clearing Systems or in dematerialised form depending on the rules of the Relevant Clearing System. For as long as any Securities are held by or on behalf of a Relevant Clearing System, payments of principal, interest and any other amounts will be made through the Relevant Clearing System, where required, against presentation or surrender (as the case may be) of any relevant global Security and, in the case of a temporary global Security, certification as to non-U.S. beneficial ownership. The risk is that the bearer of the relevant global Security, typically a depositary or a nominee for a depositary for the Relevant Clearing System, or, in the case of Securities in dematerialised form, the Relevant Clearing System and not the Holder itself, shall be treated by the Issuer and any Agent (as defined in the Conditions) as the sole holder of the relevant Securities with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Securities or any securities deliverable in respect of the Securities. Holders therefore are required to look to the Relevant Clearing System in respect of payments made to it by the Issuer in respect of Securities in global or dematerialised form.

Securities which are held by or on behalf of a Relevant Clearing System will be transferable only in accordance with the rules and procedures for the time being of the Relevant Clearing System.

Risk associated with nominee arrangements

Where a nominee service provider is used by an investor to hold Securities or such investor holds interests in any Security through accounts with a Relevant Clearing System, such investor will receive payments in respect of principal, interest, or any other amounts due, or securities deliverable, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or Relevant Clearing System, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or Relevant Clearing System to distribute all payments or securities attributable to the relevant Securities which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or Relevant Clearing System, as well as the Issuer.

In addition, such a Holder will only be able to sell any Securities held by it prior to their stated maturity date with the assistance of the relevant nominee service provider.

None of the Issuer or any Agent shall be responsible for the acts or omissions of any relevant nominee service provider or Relevant Clearing System nor makes any representation or warranty, express or implied, as to the service provided by any relevant nominee service provider or Relevant Clearing System.

The return on an investment in Securities will be affected by charges incurred by investors

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

Change of law and jurisdiction

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law or administrative practice after the date of this Base Prospectus. Prospective investors in the Securities should note that the courts of England and Wales shall have jurisdiction in respect of any disputes involving the Securities. Holders may, however, take any suit, action or proceedings arising out of or in connection with the Securities against the Issuer in any court of competent jurisdiction. English law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Securities.

There may be changes to laws, or their interpretation, in other countries which affect the Securities. Changes in taxation, corporate, regulatory and money laundering laws in any relevant jurisdiction could have a negative impact on the value of the Securities.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. Where a Series of Securities is to be rated, such rating will not necessarily be the same as any rating assigned to any Securities already issued. Whether or not a rating in relation to any Series of Securities will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Legal investment considerations may restrict certain investments

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

Modification, waivers and substitution

The Issuer may decide to make modifications to the Securities without the consent of the Holders which may affect the Holders' interest either:

- (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest error or other defective provision; or
- (b) in any other manner which is not materially prejudicial to the interests of the Holders; or
- (c) for the purpose of the substitution of another company as principal debtor under any Securities in place of the Issuer, in the circumstances described in General Condition 8.

RESPONSIBILITY STATEMENT

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft) 2007*) (the “**Competent Authority**”) shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

PART A: IN RELATION TO RBS N.V.

1. The registration document of the Issuer dated 5 April 2011 and the supplement thereto dated 19 April 2011 (together, the “**Registration Document**”) excluding the first paragraph of the section entitled “Description of RBS Holdings N.V. and the Royal Bank of Scotland N.V. – General Information”.
2. The prospectus dated 1 July 2010 relating to the Issuer’s LaunchPAD Programme for Notes (excluding the sections entitled “Summary” and “Form of Final Terms”).
3. The RBS Holdings Annual Report 2010 (excluding the sections headed “Business Review - Risk factors” on page 9 and the section headed “Additional Information – Risk factors” on pages 221 to 231) which includes the audited consolidated annual financial statements of RBS Holdings as at and for the year ended 31 December 2010.
4. The ABN AMRO Holding N.V. Annual Report 2009 (excluding the section headed “Risk factors” on pages 61 to 68) which includes the audited consolidated annual financial statements of ABN AMRO Holding N.V. (now renamed RBS Holdings N.V.) as at and for the year ended 31 December 2009.
5. The Articles of Association (*statuten*) of each of RBS Holdings and RBS N.V. as in force and effect on the date of this Base Prospectus.
6. The press release entitled “Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc” which was published by RBS N.V. via RNS on 19 April 2011.

PART B: IN RELATION TO RBS

- (a) The registration document of RBS dated 25 February 2011, which was published via the Regulatory News Service of the London Stock Exchange plc (“**RNS**”) on 25 February 2011 (the “**RBS Registration Document**”) excluding:
 - (i) the fourth paragraph on page 1 which discusses ratings;
 - (ii) the risk factor set out on pages 17 and 18 headed “As a condition to HM Treasury support, RBSG has agreed to certain undertakings which may serve to limit the Group’s operations”;
 - (iii) the second paragraph under the sub-section headed “Assets, owners’ equity and capital ratios” on page 32;
 - (iv) the third paragraph on page 42 under the sub-section of “Investigations” headed “Payment Protection Insurance”;
 - (v) each of the paragraphs under the heading “No Significant Change and No Material Adverse Change” on page 61; and

- (vi) the paragraphs on pages 61 to 63 headed “Material Contracts”.
- (b) The annual report and accounts of RBS (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the year ended 31 December 2010 (excluding the sections headed “Financial Review — Risk factors” on page 5 and “Additional Information — Risk Factors” on pages 238 to 254) published on 15 April 2011.
 - (c) The annual report and accounts of RBS (including the audited consolidated annual financial statements of the RBS, together with the audit report thereon) for the year ended 31 December 2009 (excluding the section headed “Risk factors” on pages 5 to 23) published on 9 April 2010.
 - (d) The following sections of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011 (the “**2010 Annual Report and Accounts of RBSG**”):
 - (i) Independent auditor’s report on page 267;
 - (ii) Consolidated income statement on page 268;
 - (iii) Consolidated statement of comprehensive income on page 269;
 - (iv) Balance sheets as at 31 December 2010 on page 270;
 - (v) Statements of changes in equity on pages 271 to 273;
 - (vi) Cash flow statements on page 274;
 - (vii) Accounting policies on pages 275 to 286;
 - (viii) Notes on the accounts on pages 287 to 385;
 - (ix) Essential reading – We have met, and in some cases exceeded, the targets for the second year of our Strategic Plan on page 1;
 - (x) Chairman’s statement on pages 2 to 3;
 - (xi) Group Chief Executive’s review on pages 4 to 5;
 - (xii) Our key targets on page 7;
 - (xiii) Our business and our strategy on pages 8 to 19;
 - (xiv) Divisional review on pages 20 to 41;
 - (xv) Business review on pages 49 to 224;
 - (xvi) Report of the Directors on pages 230 to 234;
 - (xvii) Corporate governance on pages 235 to 245;
 - (xviii) Letter from the Chair of the Remuneration Committee on pages 246 to 247;
 - (xix) Directors’ remuneration report on pages 248 to 263;
 - (xx) Directors’ interests in shares on page 264;
 - (xxi) Financial summary on pages 387 to 395;

- (xxii) Exchange rates on page 395;
- (xxiii) Economic and monetary environment on page 396;
- (xxiv) Supervision on page 397;
- (xxv) Regulatory developments and reviews on pages 398 to 399;
- (xxvi) Description of property and equipment on page 399;
- (xxvii) Major shareholders on page 399;
- (xxviii) Material contracts on pages 399 to 404; and
- (xxix) Glossary of terms on pages 434 to 439.

(e) The following sections of the 2009 annual report and accounts of RBSG, which was published by RBSG on 18 March 2010:

- (i) Independent auditors' report on page 240;
- (ii) Consolidated income statement on page 241;
- (iii) Consolidated statement of comprehensive income on page 242;
- (iv) Balance sheets at 31 December 2009 on page 243;
- (v) Statements of changes in equity on pages 244 to 246;
- (vi) Cash flow statements on page 247;
- (vii) Accounting policies on pages 248 to 258;
- (viii) Notes on the accounts on pages 259 to 348;
- (ix) What we have achieved on page 1 (excluding the financial information on that page which is indicated as being "pro forma");
- (x) Chairman's statement on pages 2 to 3;
- (xi) Group Chief Executive's review on pages 4 to 6;
- (xii) Our strategic plan and progress on pages 12 to 19;
- (xiii) Divisional review on pages 20 to 41;
- (xiv) Business review on pages 49 to 85 and pages 108 to 206 (excluding the financial information on pages 72 to 85 and pages 108 to 116 which is indicated as being "pro forma");
- (xv) Report of the Directors on pages 208 to 213;
- (xvi) Corporate governance on pages 214 to 222;
- (xvii) Letter from the Chairman of the Remuneration Committee on pages 223 to 224;
- (xviii) Directors' remuneration report on pages 225 to 236;

- (xix) Directors' interests in shares on page 237;
 - (xx) Impairment review on pages 302 to 303;
 - (xxi) Financial summary on pages 350 to 359;
 - (xxii) Exchange rates on page 359;
 - (xxiii) Economic and monetary environment on page 360;
 - (xxiv) Supervision on page 361;
 - (xxv) Regulatory developments and reviews on pages 361 to 362;
 - (xxvi) Description of property and equipment on pages 362 to 363;
 - (xxvii) Major shareholders on page 363; and
 - (xxviii) Glossary of terms on pages 383 to 387.
- (f) The following sections of the Shareholder Circular published by RBSG on 27 November 2009:
- (i) "Financial Information" on page 5;
 - (ii) "Part I – Letter From the Chairman of RBS" on pages 10 to 20;
 - (iii) "Appendix 2 to the Letter From the Chairman of RBS – Principal Terms and Conditions of the APS" on pages 46 to 75;
 - (iv) "Appendix 3 to the Letter From the Chairman of RBS – Principal Terms of Issue of the B Shares and the Dividend Access Share" on pages 76 to 84;
 - (v) "Appendix 4 to the Letter From the Chairman of RBS – Key Terms of the State Aid Restructuring Plan" on pages 85 to 86;
 - (vi) "Part VI – Definitions" on pages 121 to 133;
 - (vii) "Annex 1 – Terms of Issue of the B Shares and the Dividend Access Share" on pages 134 to 170; and
 - (viii) "Annex 3 – Scheme Principles" on pages 177 to 181.
- (g) The press release headed "The Royal Bank of Scotland Group plc, The Royal Bank of Scotland plc and National Westminster Bank Plc – Clarification of Contractual Position Relating to Payments Under Preference Shares and Subordinated Securities" published via the RNS on 20 October 2009.
- (h) The press release entitled "Proposed transfers of a substantial part of the business activities of RBS N.V. to RBS plc" (excluding (i) the statement therein which reads "Certain unaudited pro forma condensed consolidated financial information relating to RBS Holdings N.V. is set out in the Appendix to this announcement" and (ii) the Appendix thereto) which was published by RBSG via RNS on 19 April 2011 (the "**Press Release**").
- (i) The unaudited RBSG Interim Management Statement Q1 2011 published via the RNS on 6 May 2011.

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information contained in the 2010 Annual Report and Accounts of RBSG (together, the “Unaudited Pro Forma Financial Information”) which is incorporated by reference into this Base Prospectus has been prepared for illustrative purposes only and addresses a hypothetical situation. Therefore, the Unaudited Pro Forma Financial Information does not represent the actual financial position or results of the RBSG Group as at and for the periods in respect of which the Unaudited Pro Forma Financial Information has been prepared.

The Unaudited Pro Forma Financial Information shows the underlying performance of the RBSG Group including the results of the RBS Holdings businesses retained by the RBSG Group. The Unaudited Pro Forma Financial Information is prepared using the RBSG Group’s accounting policies and is being provided to give a better understanding of the RBSG Group’s operations excluding the results attributable to the other consortium members. The basis of preparation of the pro forma results is detailed under the heading “Basis of preparation of pro forma results” on page 113 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein). In future periods, there will be no significant differences between pro forma and statutory results other than presentation aspects discussed under the heading “Pro forma results” on page 53 of the 2010 Annual Report and Accounts of RBSG (which is incorporated by reference herein)

PART C: IN RELATION TO BOTH RBS N.V. AND RBS

If the documents which are incorporated by reference in this Base Prospectus themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus.

In relation to those documents of which only part thereof is incorporated by reference in this Base Prospectus, those parts of such documents which are not incorporated either are not relevant for the investor or are covered elsewhere in this Base Prospectus.

Copies of the above documents:

- are accessible at (in the case of the Part A documents for RBS N.V.) <http://markets.rbs.com/bparchive> and (in the case of the Part B documents for RBS) <http://markets.rbs.com/EN/Showpage.aspx?pageID=1122>; or
- can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com; or
- can be obtained (in the case of the Part A documents for RBS N.V.) at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and (in the case of the Part B documents for RBS) the registered office of RBS at 36 St Andrew Square, Edinburgh EH2 2YB.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Base Prospectus for use in connection with any subsequent issue of Securities.

This Base Prospectus and any supplement will be valid for listing Securities on Euronext Amsterdam by NYSE Euronext and/or any other exchange in an unlimited aggregate nominal amount.

Material Changes

Material changes of the Issuer's financial position since the date of this Base Prospectus will trigger the need for a supplement to this Base Prospectus under Article 16 of Directive 2003/71/EC and Swiss Listing Rule Scheme F 2.2.5. Any supplements to this Base Prospectus are accessible at <http://markets.rbs.com/bparchive> and can be obtained, on request, free of charge, by writing or telephoning, The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com or at the registered office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

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/or other charges in accordance with the laws and 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 acquisition, ownership, transfer or exercise or non-exercise of any Securities.

Prospective purchasers should be aware that the tax treatment depends on the individual circumstances of each Holder of Securities and may be subject to change in the future.

The following does not address any tax consequences of the Proposed Transfers, regarding which Holders of Securities should seek their own professional advice. It also does not address any tax consequences relating to Securities issued or raised by RBS.

Any Security which is transferred under the Proposed Transfers pursuant to the Part VII Scheme shall be referred to in this section as a "**Part VII Scheme Security**"; and such Securities, "**Part VII Scheme Securities**".

As noted above in the section entitled "Summary - Proposed transfer of activities", if the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally. As such, the following does not address the tax treatment of Securities that have been transferred pursuant to the Proposed Transfers, other than to the extent stated in relation to Part VII Scheme Securities.

2. EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), EU member states, subject to the following exceptions, are required to provide to the tax authorities of another EU member state details of payments of interest (or similar income) paid by a person within its jurisdiction to (or for the benefit of) an individual resident in that other EU member state or to certain limited types of entities established in that other EU member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

3. THE NETHERLANDS

General

The following applies only to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current Netherlands tax law as applied in the Netherlands relating only to certain aspects of Netherlands taxation. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

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

This summary does not address the Netherlands tax consequences for:

- (i) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer or RBS and holders of Securities of whom a certain related person holds a substantial interest in the Issuer or RBS. Generally speaking, a substantial interest arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of a company or of 5 per cent. or more of the issued capital of a certain class of shares of a company, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in a company;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

This summary does not describe the consequences of the exchange or the conversion of the Securities.

Where this summary refers to a holder of Securities, such reference is restricted to a holder holding legal title to as well as an economic interest in such Securities.

Withholding Tax

Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Part VII Scheme Securities

Payments on these Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein provided that the Securities do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*).

Securities issued by the Issuer's London branch and Part VII Scheme Securities

Payments on these Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political or taxing authority thereof or therein.

Payments by the Guarantor

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer (whether or not through its London branch), whether or not they are Part VII Scheme Securities (in each case, other than the repayment of amounts subscribed for the Securities), may generally be made without withholding on account of Netherlands taxation.

Corporate and Individual Income Tax

Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

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

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Securities are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Securities are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Securities, taxable income with regard to the Securities must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the end of the calendar year, insofar as it exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Securities less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Securities will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments will be taxed at a rate of 30 per cent.

Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (or has not opted to be taxed as a resident of the Netherlands), such holder is not taxable in respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, unless:

- (i) the holder is not an individual and such holder (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Securities are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25 per cent.

- (ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) realises income or gains with respect to the Securities that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Securities which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands (other than by way of securities) and to which enterprise the Securities are attributable.

Income derived from the Securities as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52 per cent. Income derived from a share in the profits as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under “Residents of the Netherlands”). The fair market value of the share in the profits of the enterprise (which includes the Securities) will be part of the individual’s Netherlands yield basis.

Gift and Inheritance Tax

Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and

makes a donation within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax, unless in the case of a gift of the Securities by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of a cash payment made under the Securities, or in respect of a transfer of Securities.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Securities.

4. UNITED KINGDOM

The following applies only to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current United Kingdom tax law as applied in England and Wales and United Kingdom HM Revenue & Customs ("HMRC") practice relating only to certain aspects of United Kingdom taxation. It does not deal with any other United Kingdom taxation implications of acquiring, holding, exercising, not exercising or disposing of Securities and should not be relied upon by Holders or prospective Holders of Securities. Some aspects do not apply to certain classes of persons (such as persons carrying on a trade of dealing in Securities and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Holders of Securities depends on their individual circumstances and may be subject to change in the future. The precise tax treatment of a Holder of Securities will depend for each issue on the terms of the Securities, as specified in the Conditions of the Securities as amended and supplemented by the applicable Final Terms. For United Kingdom tax purposes, the term "Security" or "Securities" refers to instruments of the type described in this Base Prospectus and is not intended to be determinative (or indicative) of the nature of the instrument for the purposes of United Kingdom taxation. Prospective Holders of Securities who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary is intended as general information only and each prospective Holder of Securities should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

Withholding Tax

Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Part VII Scheme Securities

Payments on these Securities may generally be made without withholding on account of United Kingdom income tax.

Securities issued by the Issuer's London branch and Part VII Scheme Securities Payments made in respect of these Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes.

Even if such payments were to be regarded as interest, manufactured payments or annual payments for United Kingdom tax purposes, the Issuer or RBS, as applicable, should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments made in respect of the Securities provided that the payments are regarded as made under derivative contracts, the profits and losses arising from which are calculated in accordance with the provisions of Part 7 of the Corporation Tax Act 2009 (which broadly they should be provided that the payments are made under options, futures or contracts for differences for the purposes of Part 7 of that Act, which are derivatives for the purposes of FRS25 (or International Accounting Standard 32) and are not excluded for the purposes of Part 7 of that Act by virtue of their underlying subject matter).

If interest is payable on the Securities or if payments made in respect of the Securities were to be regarded as interest for United Kingdom tax purposes, provided that the Issuer's London branch or RBS, as applicable, is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "ITA 2007"), such payments may be made without withholding or deduction for or on account of United Kingdom income tax where the interest is paid in the ordinary course of the Issuer's London branch's or RBS's business, as applicable, within the meaning of section 878 ITA 2007.

Payments of interest on or in respect of the Securities may also be made by the Issuer's London branch or RBS, as applicable, without deduction of or withholding for or on account of United Kingdom income tax if the Securities are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the ITA 2007. The NYSE Euronext Amsterdam is a recognised stock exchange. The Securities will therefore satisfy this requirement if they are (a) officially listed in the Netherlands in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the NYSE Euronext Amsterdam, or (b) admitted to trading on another "recognised stock exchange" and officially listed in a country in which there is a "recognised stock exchange" in accordance with provisions corresponding to those generally applicable in EEA states. Provided, therefore, that the Securities are and remain so listed, interest on the Securities will be payable by the Issuer's London branch or RBS, as applicable, without withholding or deduction for or on account of United Kingdom income tax whether or not the Issuer's London branch or RBS, as applicable, carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on or in respect of the Securities is paid by a company and, at the time the payment is made, the Issuer's London branch or RBS, as applicable, reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on or in respect of the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax where the maturity of the Securities is less than 365 days and those Securities do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments by the Issuer's London branch or RBS, as applicable, of interest on or in respect of Securities, on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder of the Securities, HMRC can issue a notice to the Issuer's London branch or RBS, as applicable, to pay interest to the Holder of the Securities without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty, as applicable).

Payments by the Guarantor

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer otherwise than through the Issuer's London branch and which are not Part VII Scheme Securities may generally be made without withholding on account of United Kingdom income tax.

Any payments by the Guarantor in respect of interest on, or other amounts due under, Securities issued by the Issuer's London branch or which are Part VII Scheme Securities (in each case, other than the repayment of amounts subscribed for the Securities) may be subject to United Kingdom withholding tax, subject to the availability of any exemptions or reliefs or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double tax treaty.

Certain other United Kingdom tax considerations

Payments made in respect of Securities issued by the Issuer's London branch and (from the time of the transfer) the Part VII Scheme Securities are generally expected to have a United Kingdom source. Accordingly, depending upon the category of the income, such payments may be chargeable to United Kingdom tax by direct assessment even where the Holder of Securities is not resident (or in the case of an individual, ordinarily resident) in the United Kingdom and does not hold their Securities for the purposes of, or receive such payments in connection with, a trade, profession or vocation carried on via a branch, agency or permanent establishment in the United Kingdom, although in practice HMRC may not seek to enforce any such liability in respect of such a Holder of Securities.

If Holders of Securities are liable to United Kingdom tax by way of direct assessment, Holders of Securities which are resident in a jurisdiction with an appropriate double taxation treaty with the United Kingdom may be entitled to claim exemption from direct assessment under the terms of that double taxation treaty.

UK Information Gathering Powers

Holders of the Securities may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner) from any person in the United Kingdom who either pays or credits interest (or amounts treated as interest) to or receives interest (or amounts treated as interest) for the benefit of a Holder of the Securities. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2012. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Securities is resident for tax purposes.

Stamp Taxes

For the purposes of the following paragraphs, it has been assumed that the Securities constitute loan capital (“**Loan Capital**”) for the purposes of section 78 of the Finance Act 1986 (“**FA 1986**”) and stock and/or loan capital for the purposes of section 99(3) FA 1986. A Security should be Loan Capital if the Holder has a right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Security, either with or without any additional amount that may be payable on redemption. In addition, it is likely that HMRC would regard a Security as Loan Capital even if there is no guarantee that the holder will receive on redemption an amount equal to all or substantially all of the amount subscribed for the Security. This will, however, depend on the terms and conditions relating to the Security.

For the purposes of the following paragraphs, “**Exempt Loan Capital**” means any security which constitutes Loan Capital and: (a) does not carry rights to acquire shares or securities (by way of exchange, conversion or otherwise); (b) has not carried and does not carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the relevant security; (c) subject to certain exceptions has not carried and does not carry a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or any part of, a business or to the value of any property; and (d) has not carried and does not carry a right to a premium which is not reasonably comparable with amounts payable on securities listed on the London Stock Exchange.

Stamp duty on the issue of Securities

No stamp duty will generally be payable in relation to the issue of Securities, including where such Securities are issued into CREST.

Stamp duty on the transfer of Securities

No United Kingdom stamp duty should be required to be paid on transfers of Securities on sale provided no instrument of transfer is used to complete such sales.

An instrument transferring a Security on sale of the Security may technically be subject to stamp duty at a rate of 0.5 per cent. of the consideration paid for the Securities if the Securities are not Exempt Loan Capital.

Even if an instrument is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty for example, if the Security to which it relates is issued by the Issuer and is not a Part VII Scheme Security, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be registered or used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court. In the event that such an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if either (i) an instrument which was executed in the United Kingdom is not stamped within 30 days of being so executed or (ii) an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom.

Stamp duty reserve tax (“SDRT”) on the issue or transfer of Securities to a Clearance Service

No SDRT should be payable in relation to the issue of a Security by the Issuer or the transfer of such a Security to any person providing a clearance service, or a nominee for any such person, within the meaning of section 96 FA 1986 (a “**Clearance Service**”), in each case, unless the Security is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire shares which are paired with shares (which are not “newly subscribed shares” as defined in section 99(12) FA 1986) issued by a body corporate incorporated in the United Kingdom.

Except where an election has been made under which the alternative system of charge as provided for in section 97A FA 1986 (a “**s97A Election**”) applies, SDRT at a rate of 1.5 per cent may be payable in respect of a Security issued by the Issuer and which is not a Part VII Scheme Security on the issue or transfer of such a Security to a Clearance Service where it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire shares which are paired with shares (which are not “newly subscribed shares” as defined in section 99(12) FA 1986) issued by a body corporate incorporated in the United Kingdom.

The analysis in the above paragraph is likely to apply to the transfer of a Security to a Clearance Service where no s97A Election applies in respect of the Security where such Security was issued by the Issuer and is a Part VII Scheme Security, although this is not free from doubt. Were the analysis in the above paragraph not to apply to a transfer of such a Security to a Clearance Service where no s97A Election applies in respect of the Security, SDRT at a rate of 1.5 per cent. may be payable on such a transfer in circumstances other than those described in the paragraph above if the Security is not Exempt Loan Capital.

The ECJ has found in *C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty’s Revenue & Customs* (Case C-569/07) that the 1.5 per cent. charge is contrary to EU Community Law where shares are issued to a clearance service. HMRC has subsequently indicated that it will not levy the

charge on shares issued to a clearance service within the EU. It is not clear the extent to which this decision applies to the Securities or the way in which any change in legislation or HMRC practice in response to this decision may alter the position outlined above.

SDRT on the issue of Securities into CREST

No SDRT will be payable in respect of the issue of Securities into CREST, provided they are not issued to a Clearance Service or to a person issuing depository receipts.

SDRT on the transfer of Securities held within a Clearance Service

SDRT should generally not be payable in relation to an agreement to transfer a Security held within a Clearance Service provided that no s97A Election applies in respect of the Security.

SDRT on the transfer of Securities held outside a Clearance Service, held within CREST or held within a Clearance Service where a s97A Election applies in respect of the Security

In the case of Securities issued by the Issuer which are not Part VII Scheme Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, no SDRT should be payable in relation to any agreement to transfer such a Security unless it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form.

In the case of Securities issued by the Issuer which are not Part VII Scheme Securities and which are held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, SDRT should generally be payable in relation to any agreement to transfer such a Security where it is an interest in, or to dividends or other rights arising out of, or a right to allotment of or to subscribe for, or an option to acquire either: (i) stocks, shares or loan capital for the purposes of section 99(3) FA 1986 which are not Exempt Loan Capital and which are registered in a register kept in the United Kingdom; or (ii) shares which are paired with shares issued by a body corporate incorporated in the United Kingdom, unless (in either case) that Security is in bearer form. Any such SDRT would be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Securities, unless the transfer is to a Clearance Service or to a person issuing depository receipts (or to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.

Provided the Securities are not registered in a register kept in the United Kingdom, the analysis in the above paragraphs is likely to apply to the transfer of a Security issued by the Issuer which is a Part VII Scheme Security and which is held outside a Clearance Service (otherwise than within CREST, regarding which, see below) or held within a Clearance Service where a s97A Election applies in respect of the Security, although this is not free from doubt. Were the analysis in the above paragraphs not to apply to a transfer of such a Security, SDRT may be payable at a rate of 0.5 per cent. of the consideration given under an agreement to transfer such Securities (unless the transfer is to Clearance Service or to a person issuing depository receipts (or

to an agent or nominee of such a person) where SDRT may be payable at a rate of 1.5 per cent.) in circumstances other than those described in the paragraphs above if the Security is not Exempt Loan Capital.

Were the Security (whether or not it is a Part VII Scheme Security) to be registered in a register kept in the United Kingdom, for example, because this was required for the purposes of CREST, SDRT may be payable in relation to the transfer of such a Security within CREST or any agreement to transfer such a Security at a rate of 0.5 per cent. of the consideration given in circumstances other than those described in the paragraphs above if the Security is not Exempt Loan Capital.

Stamp duty and SDRT on the exercise or redemption of the Securities

Stamp duty and/or SDRT may also be payable in respect of an agreement to transfer, or on the transfer of, an asset where the terms of any Security contemplate physical settlement of the Security.

5. UNITED STATES

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE U.S. INTERNAL REVENUE SERVICE (THE “IRS”), WE INFORM YOU THAT ANY TAX DISCUSSION HEREIN WAS NOT WRITTEN AND IS NOT INTENDED TO BE USED AND CANNOT BE USED BY ANY PERSON FOR PURPOSES OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THAT PERSON. ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN. EACH PROSPECTIVE PURCHASER OF SECURITIES SHOULD SEEK ADVICE BASED ON THAT PERSON’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following summary describes certain U.S. federal withholding tax considerations that may be relevant to a Non-U.S. holder (as defined below) that purchases Securities, but is not purported to be a complete analysis of all potential tax effects. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations promulgated thereunder, and published rulings and court decisions, all as in effect and existing on the date of this Base Prospectus and all of which are subject to change at any time with retrospective or prospective effect. The U.S. federal income tax considerations discussed below will continue to apply to Part VII Scheme Securities.

For purposes of this discussion, a “**Non-U.S. holder**” means a beneficial owner of the Securities that is not:

- (a) a citizen or individual resident of the United States, as defined in Section 7701(b) of the Code,
- (b) a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organised in or under the laws of the United States, any State thereof or the District of Columbia;
- (c) an estate the income of which is subject to U.S. federal income tax without regard to its source;
- (d) a trust if (x) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust, or (y) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person; or

- (e) otherwise subject to U.S. federal income tax on a net income basis.

If a partnership holds the Securities, the tax treatment of a partner will generally depend upon the status of the partner the partnership as well as the activities of the partnership. Partners in partnerships holding the Securities should consult their tax advisers regarding the U.S. federal income tax consequences of acquiring, owning, exchanging and disposing of the Securities.

Withholding on Dividend Equivalent Payments

Recently enacted U.S. legislation imposes a 30% U.S. withholding tax on payments that are directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”). The type of payments that constitute Dividend Equivalent Payments subject to this withholding tax is not entirely clear. Payments on Securities with equity in U.S. entities, or indices that include equity in U.S. entities, as the Underlying, or that reference dividend payments made by U.S. entities, could become subject to this withholding tax. Non-U.S. holders may not be able to claim the benefits of a double tax treaty to reduce this withholding. Additionally, amounts paid pursuant to an early termination made in accordance with General Condition 3(b) could be subject to withholding if they are deemed to be Dividend Equivalent Payments. Neither the Issuer nor the Principal Agent nor any other person shall pay any additional amounts to the Non-U.S. holders in respect of any U.S. withholding imposed on any Dividend Equivalent Payment. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change. Non-U.S. holders should consult their tax advisers about possibility of U.S. withholding on payments made on Securities.

6. SWITZERLAND

The following is a general summary of the Issuer’s understanding of certain Swiss tax consequences in relation to dealings in the Securities according to the currently valid Swiss tax laws and the Swiss tax authorities’ practice as of the date of publication of this Base Prospectus. This outline is a summary and not exhaustive and does not take into consideration possible special circumstances of some investors. Tax laws and the tax authorities’ practice may undergo changes (or their interpretation or application may change) and their validity might also be retroactive.

If RBS becomes the issuer of Securities as a result of the Part VII Scheme, the following will continue to apply, provided that the terms and conditions of Securities are otherwise not changed. 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) **General Information.** 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 and Communal 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) **Swiss Stamp Taxes.** The issuance of Securities issued by a foreign resident issuer is in general not subject to the Swiss Issue Stamp Tax (“Emissionsabgabe”). Secondary market transactions of Securities which are considered as (debt) financing instruments, share-like products, fund-like products and Low Exercise Price Options (LEPO) on shares with maturity more than one year and the issuance of fund-like Securities issued by a foreign resident issuer are subject to the Swiss Securities Transfer Tax, provided that a Swiss securities dealer (“Effekthändler”), as defined in art. 13 para. 3 of the Swiss Federal Act on Stamp Duties (“Stempelabgabengesetz”), is a party to the Securities transaction or acts as an intermediary thereto. Certain exemptions may, inter alia, apply with regard to institutional investors such as mutual funds, life insurance companies and social security institutions. Pure derivatives for Swiss tax purposes like options and futures do normally not classify as taxable securities and are therefore not subject to Swiss Issue Stamp Tax and Swiss Securities Transfer Tax. If upon the exercise or redemption of a Security an underlying security is delivered to the holder of the Security, the transfer of the underlying security may be subject to Swiss Securities Transfer Tax.
- (c) **Swiss Withholding Tax.** Securities issued by a foreign resident issuer are in general not subject to Swiss withholding tax. Payments or credit of (deemed) interest or dividends on a Security issued by a Swiss resident issuer may be subject to Swiss federal withholding tax at a rate of 35%. This may apply likewise to payments or credits of yield from Securities which classify for tax purposes as fund-like products. The holder of a Security who is resident in Switzerland may be entitled to a full refund of or a full tax credit for the Swiss federal withholding tax, subject to conditions being met. A non Swiss resident holder of a Security may be able to claim a full or partial refund of the Swiss federal withholding tax if such a holder is entitled to claim benefits with regard to such a payment of a double taxation treaty between Switzerland and his or her country of residence.
- (d) **Swiss Income Tax Treatment for Securities Held by Private Investors (Individuals) with Tax Residence in Switzerland as Part of their Private Assets.** Payments or credits received by a holder of a Security, which are considered in a Swiss tax perspective as dividends or interests, are subject to income tax. Gains or losses realised upon a sale or other disposition by individuals with tax residence in Switzerland holding a Security as part of their private assets (private capital gain or losses) are in general not subject to Swiss Income Tax and are not deductible from taxable income respectively. However, capital gains may be subject to income taxation, if a Security qualifies as predominant one-time interest paying bond. Also gains or losses realised by buying or selling of pure derivatives for Swiss tax purposes (options and futures) are not subject to income tax as they are considered as tax-exempt capital gains or losses. Whether a Security generates taxable income (dividend and interest) or tax-exempt capital gains is depending on certain features of the Security (1-delta pay-off, reverse convertible, guaranteed coupon payments or capital protection etc.), on the underlying of the Security and on the maturity of the Security. Some Securities may be divided into taxable bonds and a tax-exempt option (or combinations of options) provided that the Security is, for Swiss tax purposes, made transparent by the issuer. A Security is considered transparent if the value on issuance of its bond and its option components can be determined separately. Under the condition of transparency,

the option premium paid by the issuer is exempt from income taxation (where otherwise applicable); taxation is limited to the interest of the bond part which would have been paid for an investment in a comparable straight bond of the same issuer with a similar term and the same currency at market conditions. If the interest part of the Security is paid as a one-time compensation, the so-called “modifizierte Differenzbesteuerung” may apply in each case of pre-maturity sale or redemption of the Security. If a Security is not made transparent for Swiss tax purposes (only if the security needs to be transparent for Swiss tax purposes) the total payment to the investor (except the repayment of the invested capital) could be considered as taxable income.

- (e) **Swiss Income Tax Treatment for Securities Held by Swiss Resident Entities or Individuals as Part of Business Assets.** Income of any kind realised from Securities as part of business assets of individuals (including deemed securities dealers for Swiss tax purposes) or entities in Switzerland are subject to personal income tax or corporate income tax respectively as part of their overall net income.
- (f) **Wealth Taxation of Securities Held by Private Investors (Individuals) with Tax Residence in Switzerland.** The market value of the Securities may be subject to wealth tax levied on overall net wealth of individuals with tax residence in Switzerland, regardless of whether the Securities are held as part of their private or business assets.
- (g) **EU Savings Tax.** On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopts measures equivalent to those of the European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments. The agreement came into force as of 1 July 2005. On the basis of this agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid by a paying agent within Switzerland to an individual resident in an EU member state. The withholding tax is withheld at a rate of 15 % for the first three years beginning with 1 July 2005, 20 % for the next three years and 35 % thereafter, with the option of such an individual to have the paying agent and Switzerland provide to the tax authorities of the Member State details of the payments in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding, if any, provided that that certain conditions are met. Securities issued under this programme may be subject to EU Savings Tax. The qualification regarding “in scope” or “out of scope” of the EU Savings Tax is depending on certain features of the Security and on the underlying of the Security.

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

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. PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

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 which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such 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, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
 - (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
 - (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
 - (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of 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 amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

3. THE NETHERLANDS

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.

4. UNITED STATES OF AMERICA

No Securities of any Series have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act as amended (the “**CEA**”). No Securities of any Series, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

Offers, sales, resales or deliveries of Securities of any Series, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. In addition, in the absence of relief from the CFTC, offers, sales, resales, trades or deliveries of Securities, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading.

Securities having a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the “**D Rules**”) and, in accordance with the D Rules, may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Securities in dematerialised form having a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (the “**C Rules**”) and, in accordance with the C Rules, may not be offered, sold or delivered within the United States or its possessions, except in

certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the "**Code**") and the U.S. Treasury regulations thereunder.

The Issuer will require each dealer participating in the distribution of Securities subject to the D Rules:

- (a) except to the extent permitted under the D Rules, (i) to represent that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, such Securities to a person who is within the United States or its possessions or to a United States person, and (ii) to represent that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Securities that are sold during the restricted period;
- (b) to represent that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Securities subject to the D Rules are aware that such Securities may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each dealer represents that it is acquiring Securities for purposes of resale in connection with their original issuance and if it retains Securities for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate that acquires Securities from a dealer for the purpose of offering or selling such Securities during the restricted period, to repeat and confirm the representations and agreements contained in subclauses (a), (b) and (c) of this paragraph on such affiliate's behalf; and
- (e) to agree that it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii)) that purchases any Securities subject to the D Rules from it pursuant to a written contract with such dealer (except a distributor that is one of its affiliates or is another dealer), for the benefit of the Issuer and each other dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subclauses (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a dealer hereunder.

The terms used in the preceding sentence have the meanings given to them by the Code and the U.S. Treasury regulations thereunder, including the D Rules.

The Issuer will require each dealer participating in the distribution of Securities subject to the C Rules to agree that it will not at any time offer, sell, resell or deliver, directly or indirectly, the Securities in the United States or to others for offer, sale, resale or delivery, directly or indirectly, in the United States. Further, the Issuer and each dealer to which it sells the Securities will represent and agree that in connection with the original issuance of such Securities that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States and will not otherwise involve its U.S. office in the offer or sale of such Securities. The terms used in the preceding sentence (and not otherwise defined below) have the meanings given to them by the Code and the U.S. Treasury regulations thereunder, including the C Rules.

As used herein, “**United States**” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and “**U.S. person**” means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. Person” as such term may be defined in Regulation S under the Securities Act or in regulations adopted under the CEA.

Notice to purchasers and holders of restricted securities and transfer restrictions

Each purchaser of Securities will, by its purchase of such Securities, be deemed to acknowledge, represent and agree as follows:

- (a) that trading in the Securities has not been and will not be approved by the CFTC under the CEA;
- (b) that it will not at any time offer, sell, resell or deliver, directly or indirectly, any Securities of such Series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (c) that it is not purchasing any Securities of such Series for the account or benefit of any U.S. person;
- (d) that it will not make offers, sales, resales or deliveries of any Securities of such Series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (e) that it will send each person who purchases any Securities of such issue from it a written confirmation (which shall include the definitions of “**United States**” and “**U.S. person**” set forth herein) stating that the Securities have not been registered under the Securities Act, that trading in the Securities has not been approved by the CFTC under the CEA and stating that such purchaser agrees that it will not at any time offer, sell, resell or deliver any of such Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person;
- (f) that no U.S. person or person in the United States may at any time trade or maintain a position in the instruments and that a person entitled to receive an interim payment or exercising (or entitled to receive any amount at maturity or exercise under) the instrument will be required to certify that neither it nor the beneficial owner of the instrument is a U.S. person or is located in the United States;
- (g) that any person exercising a Security will be required to represent that it is not a U.S. person; and

- (h) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Securities prior to 40 days after the closing of the offer of the relevant Securities, it will do so only (a) outside the United States in compliance with Rule 903 or 904 under the Securities Act and (b) in accordance with all applicable United States state securities laws; and it acknowledges that the Global Securities will bear a legend to the following effect unless otherwise agreed to by the Issuer:

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND THE SECURITIES MAY NOT BE EXERCISED, OFFERED, SOLD, TRANSFERRED OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. FURTHERMORE, TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE SECURITIES.

5. 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.

6. INDIA

Any purchase of the Securities relating to or linked to securities listed on a stock exchange in India or indices that reference such securities should be made on the understanding that the purchaser shall be deemed to acknowledge, represent, warrant and undertake to the Group that:

- (a) it consents to the provision by the Group to any Indian governmental or regulatory authority of any information regarding it and its dealings in the Securities as required under applicable Indian regulations and/or as requested by any Indian governmental or regulatory authority;
- (b) it agrees to promptly provide to the Group, or directly to the relevant Indian governmental or regulatory authority (and confirm to the Group when it has done so), such additional information that the Group deems necessary or appropriate in order for the Group to comply with any such regulations and/or requests;
- (c) the Securities are not being purchased by, for the account of or pursuant to or in connection with any back-to-back transaction with: (i) a Person Resident in India as the term is used in the Foreign Exchange Management Act, 1999; or (ii) a “Non-Resident Indian”, a “Person of Indian Origin” or an “Overseas Corporate Body”, as such terms are used in the Foreign Exchange Management (Deposit) Regulations 2000 as notified by the Reserve Bank of India; or (iii) any entity or person that is not a

“person regulated by an appropriate foreign regulatory authority” (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) (each, a “Restricted Entity”) or a nominee of a Restricted Entity;

- (d) the Securities shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity where “controller” means any person or group of persons who (i) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of the purchaser; (ii) holds or is otherwise entitled to a majority or more of the economic interest in the purchaser, or (iii) in fact exercises control over the purchaser. “Control” means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity’s investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity’s controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity’s financial, investment and /or operating policies.

- (e) it has purchased the Securities on its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the issuance of a back-to-back offshore derivatives instrument shall be entered against the Securities;
- (f) it will not, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Securities to or for the account of any Restricted Entity or to any nominee of any Restricted Entity;
- (g) it acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a transfer) (“**Obligations**”) may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the Obligations by it, the Issuer and/or its associates/affiliates may notify the relevant Indian governmental or regulatory authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Securities, or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the Securities by the Issuer and/or its associates/affiliates;
- (h) it will promptly notify the Issuer should any of the representations, warranties, agreements and undertakings given by it change or no longer hold true; and

- (i) any sale, transfer, assignment, novation or other disposal of the Securities by it, whether direct or indirect, will be subject to the acquiring entity giving substantially the same representations and warranties to it as set out in sub-paragraphs (c) to (i) (inclusive).

7. HONG KONG

The Securities (except for Securities which are a “structured product” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the “SFO”)) may not be offered or sold in Hong Kong, by means of any document, other than (i) to persons whose ordinary business is to buy and sell shares and debentures (whether as principal or agent); or (ii) to “professional investors” within the meaning of the SFO and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance. Unless permitted to do so under the laws of Hong Kong, no person may issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Securities whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong other than with respect to the Securities which are or are intended to be disposed of only to persons outside Hong Kong, or only to “professional investors” within the meaning of the SFO and any rules made under that Ordinance.

8. SINGAPORE

For Securities which are classified in Singapore as units (“CIS Securities”) in “collective investment schemes” (“CIS”):

The offer or invitation of the CIS Securities, which is the subject of this Base Prospectus, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or recognised under Section 287 of the SFA. The CIS is not authorised or recognised by the Monetary Authority of Singapore (the “MAS”) and the CIS Securities are not allowed to be offered to the retail public. This Base Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of CIS Securities may not be circulated or distributed, nor may CIS Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where CIS Securities are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the CIS Securities pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 305A(5) of the SFA.

For Securities which are not classified in Singapore as units in a CIS:

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Securities may not be circulated or distributed, nor may Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"); (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

9. TAIWAN

The Securities may not be sold, offered or issued to Taiwan resident investors unless they are made available outside Taiwan for purchase by such investors outside Taiwan.

10. SAUDI ARABIA

Any purchase of the Securities relating to or linked to securities, whether or not listed on a stock exchange, in Saudi Arabia or indices that reference such securities should be made on the understanding that the purchaser shall be deemed to acknowledge, represent, warrant and undertake to the Issuer that:

- (a) it consents to the provision by the Issuer to any Saudi Arabian governmental or regulatory authority, (such as the KSA Capital Markets Authority) of any information regarding it and its dealings in the Securities as required under applicable Saudi Arabian regulations and/or as requested by any Saudi Arabian governmental or regulatory authority;
- (b) it agrees to promptly provide to the Issuer, or directly to the relevant governmental or regulatory authority (and confirm to the Issuer when it has done so), such additional information that the Issuer deems necessary or appropriate in order for the Issuer to comply with any such regulations and/or requests;
- (c) the Securities are not being purchased for the account of or pursuant to or in connection with a “Non-resident foreign investor” for the purposes of any CMA or other governmental or regulatory authority resolution and it is not knowingly entering into a transaction for the purchase of Securities, on behalf of, or for the benefit or account of any person or entity that is not a non-resident foreign investor for the purposes of such resolution.

Prospective investors must seek legal advice as to whether they are entitled to subscribe to the Securities and must comply with all relevant Saudi Arabian laws in this respect. Each investor is deemed to have acknowledged and agreed that it is eligible to invest in the Securities under applicable laws and regulations and that it is not prohibited under any law or regulation in Saudi Arabia from acquiring, owning or selling the Securities.

11. SWITZERLAND

Securities issued under this Programme which are not listed on SIX Swiss Exchange Ltd. do not qualify for public distribution in or from Switzerland according to Article 5 of the Swiss Federal Act on Collective Investment Schemes. Accordingly, such Securities may not be publicly distributed in or from Switzerland and neither this Programme, any Final Terms nor any marketing material relating to the Securities may be distributed in connection with such distribution, unless a special simplified prospectus is prepared setting forth any and all information which may be required to be disclosed in a simplified prospectus pursuant to Art. 5 of the Swiss Federal Act on Collective Investment Schemes and any implementing ordinance or other applicable act or regulation or self-regulation in the Final Terms or a separate document (the “Simplified Prospectus”). Any Term Sheet prepared shall be subject to the Final Terms and the Simplified Prospectus, if any, for the relevant Securities. If no Simplified Prospectus is prepared, the Securities may only be offered and the Programme, any Final Terms or any marketing material may only be distributed in or from Switzerland to qualified investors according to the applicable provisions of the Collective Investment Scheme Act (“CISA”) in such a way that there is no public marketing or offering in or from Switzerland as defined pursuant to the most restrictive interpretation of the applicable Swiss laws and regulations.

FORM OF THE SECURITIES

Information under this heading is applicable to Securities for which the Clearing Agent is specified to be Euroclear Bank S.A./N.V. and/or Clearstream Banking in the applicable Final Terms.

Initial Issue of Securities

Global Securities in bearer form

Global Securities in bearer form may be delivered on or prior to the original issue date of the related Series of Securities to a Clearing Agent or the depositary for one or more Clearing Agents (the “**Common Depositary**”).

Upon the initial deposit of a Global Security in bearer form with a Common Depositary for a Clearing Agent, such Clearing Agent will credit each subscriber with a nominal amount or unit quantity of Securities equal to the nominal amount thereof for which it has subscribed and paid.

Securities that are initially deposited with the Common Depositary for a Clearing Agent (the “**Relevant Clearing Agent**”) may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other Clearing Agents through direct or indirect accounts with the Relevant Clearing Agent held by such other Clearing Agents. Conversely, Securities that are initially deposited with any other Clearing Agent may similarly be credited to the accounts of subscribers with the Relevant Clearing Agent.

Relationship of Accountholders with Clearing Agents

For so long as any of the Securities is represented by a Global Security and such Global Security is held on behalf of one or more Clearing Agents, each person who is for the time being shown in the records of a Clearing Agent as the holder of a particular nominal amount or unit quantity of Securities (an “**Accountholder**”) shall be treated as the holder of that nominal amount or unit quantity of Securities for all purposes other than with respect to the payment or delivery of any amount on the Securities, the right to which shall be vested, as against the Issuer, solely in the bearer of a Global Security in accordance with and subject to its terms. Each Accountholder must look solely to the relevant Clearing Agent for its share of each payment or delivery made to the bearer of a Global Security.

The Issuer covenants in favour of each Accountholder that it will make all payments in respect of the nominal amount or unit quantity of Securities for the time being shown in the records of the relevant Clearing Agents as being held by the Accountholder and represented by a Global Security to the bearer of a Global Security in accordance with its terms and acknowledges that each Accountholder may take proceedings to enforce this covenant and any of the other rights which it has (described under the preceding paragraph) directly against the Issuer.

Exchange

Temporary Global Securities

Each temporary Global Security in bearer form will be exchangeable on or after its Exchange Date (as defined below):

- (i) if such temporary Global Security is held by a Clearing Agent and any such Clearing Agent is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention

to cease business permanently or does in fact do so and the Holder is unable to settle such Securities through any non-affected Clearing Agent, in whole but not in part only, at the request of the bearer of such temporary Global Security, for Definitive Securities in bearer form (as defined below);

- (ii) if so specified in the Final Terms, General Conditions or Product Conditions of such temporary Global Security, in an aggregate nominal amount or unit quantity equal to the nominal amount or unit quantity of such temporary Global Security submitted for exchange, in whole but not in part only, at the request of the bearer of such temporary Global Security, for Definitive Securities in bearer form (as defined below); or
- (iii) free of charge to the Holder, in whole or from time to time in part, for interests in a permanent Global Security in bearer form,

provided that in each case, certification as to non-US beneficial ownership in the form required by the relevant Clearing Agent has been provided to such Clearing Agent with respect to such nominal amount or unit quantity submitted for such exchange.

Permanent Global Securities

Each permanent Global Security in bearer form will be exchangeable on or after its Exchange Date (as defined below), in whole but not in part, for Definitive Securities in bearer form (as defined below):

- (i) if such permanent Global Security is held by a Clearing Agent and any such Clearing Agent is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to cease business permanently or does in fact do so and the Holder is unable to settle such Securities through any non-affected Clearing Agent; or
- (ii) if so specified in the Final Terms, General Conditions or Product Conditions of such permanent Global Security, in an aggregate nominal amount or unit quantity equal to the nominal amount or unit quantity of such permanent Global Security submitted for exchange,

provided that in each case, certification as to non-US beneficial ownership in the form required by the relevant Clearing Agent has been provided to the such Clearing Agent with respect to such nominal amount or unit quantity submitted for such exchange.

Delivery of Securities

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Agent. In exchange for any Global Security, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Security exchangeable for a permanent Global Security, deliver, or procure the delivery of, a permanent Global Security in an aggregate nominal amount or unit quantity equal to that of the whole or that part of a temporary Global Security that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Security to reflect such exchange or (ii) in the case of a Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, an equal aggregate nominal amount or unit quantity of duly executed and authenticated Definitive Securities. In this Base Prospectus, "Definitive Securities" means, in relation to any Global Security the definitive bearer Securities, as applicable, for which such Global Security may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Security). Definitive Securities will be security printed in accordance with any applicable legal and stock exchange requirements in or

substantially in the form available from the offices of the Issuer.

Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Security in bearer form, the first day following the expiry of 40 days after the Issue Date and, in relation to a permanent Global Security in bearer form, following the giving of notice requiring exchange and on a day on which banks are open for business in the city in which the specified office of the Principal Agent is located and in the city in which the relevant Clearing Agent is located.

Amendment to Conditions

The temporary Global Securities and permanent Global Securities contain provisions that apply to the Securities that they represent, some of which modify the effect of the terms and conditions of the Securities set out in this Base Prospectus. The following is a summary of certain of those provisions:

(i) *Payments or Delivery*

Any payments or deliveries (as the case may be) that are made in respect of a Global Security in bearer form shall be made to its holder against presentation and (if no further payment or delivery falls to be made on it) surrender of it at the specified office of the Principal Agent or of any other Agent provided for in the Conditions. If any payment or delivery (as the case may be) is made in respect of any Security represented by a Global Security in bearer form (i) in full, the portion of such Global Security representing such Security shall be cancelled and the amount or unit quantity so cancelled shall be endorsed by or on behalf of the Principal Agent on such Global Security (such endorsement being prima facie evidence that the payment or delivery in question has been made) or (ii) otherwise, a record of each such payment or delivery shall be endorsed by or on behalf of the Principal Agent on such Global Security (such endorsement being prima facie evidence that the payment or delivery in question has been made).

(ii) *Cancellation*

Cancellation of any Security represented by a temporary or permanent Global Security in bearer form that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount or unit quantity of the relevant temporary or permanent Global Security.

No Securities in registered form

No Securities may be issued in global registered form or definitive registered form.

Securities in certificated form

All Securities, other than Dematerialised Securities, will be issued in certificated form.

Clearing and Settlement

Please refer to “Clearing and Settlement” for information on clearing and settlement of Global Securities.

Securities cleared through CREST

Dematerialised Securities may be issued that are cleared through CREST (defined below under “General Information – Clearing and Settlement Systems”) that will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “Regulations”). In the case of Securities cleared through CREST,

title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “Register”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Please see the relevant General Conditions, Product Conditions and Final Terms for further information on Securities cleared through CREST.

CLEARING AND SETTLEMENT

Clearing and settlement of the Global Securities will be effected in accordance with the operating procedures of Euroclear, Clearstream, Luxembourg or any other Clearing Agent, as applicable.

Euroclear and Clearstream, Luxembourg

Custodial and depository links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Securities and cross-market transfers of the Securities associated with secondary market trading.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders and provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also provide clearance and settlement facilities for domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system.

Distributions of principal and interest and any other amounts with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Principal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system's rules and procedures.

The holdings of book-entry interests in Securities in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Beneficial ownership in Securities will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Securities, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Securities. The Principal Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Securities holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be. Payments to holders of Securities represented by Definitive Securities will be made in accordance with the Conditions.

The Issuer will not impose any fees in respect of the Securities; however, holders of book-entry interests in the Securities may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Trading between Euroclear and/or Clearstream, Luxembourg Accountholders

Secondary market sales of book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Securities through Euroclear or Clearstream, Luxembourg will be conducted in

accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

GENERAL INFORMATION

PART A: IN RELATION TO RBS N.V.

Incorporation and Offices

Both RBS Holdings and RBS N.V. are public limited liability companies incorporated under Dutch law on 30 May 1990 and 7 February 1825 respectively. RBS Holdings is registered with the Trade Register in Amsterdam under no. 33220369. RBS N.V. is registered with the Trade Register in Amsterdam under no. 33002587. RBS Holdings and RBS N.V. have their registered offices in Amsterdam, The Netherlands and their office address is Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam. The mailing address for RBS Holdings and RBS N.V. in the Netherlands is Post Office Box 12925, 1100 AX Amsterdam. RBS Holdings and RBS N.V.'s telephone number is (31) 20 464 9999.

Authorisation

The Issuer's managing board, in its capacity as the Issuer's representative, is responsible for issuing debt instruments. The Issuer's managing board has approved the issue of debt instruments, including the Securities, pursuant to resolutions dated 1 April 2010 and 7 January 2011. In addition, the issue of Securities has been approved by the Issuer's supervisory board pursuant to a resolution dated 13 January 2011 and in accordance with the Issuer's articles of association. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of the Securities.

Listing

Application will be made to NYSE Euronext or any other stock exchange or market for Securities issued up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext Amsterdam by NYSE Euronext or any other stock exchange or market. Certain Securities issued under this Base Prospectus may not be listed. The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA, United Kingdom has been appointed as the paying agent.

An issue of Securities of the same class as Securities already trading on a stock exchange or market for Securities, will only be admitted to trading on the same such stock exchange or market for Securities.

Ratings

Any rated Securities are expected to be assigned a rating that aligns with the relevant rating measures outlined below. Should there be any exceptions to this, the Issuer will in each case specify details in the Final Terms of the relevant Securities.

Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more "A+"; senior notes issued by RBS N.V. with a maturity of less than one year "A-1"; dated subordinated notes issued by RBS N.V. "BBB+"; and undated tier 2 notes issued by RBS N.V. "BB+". As defined by Standard & Poor's, an "A" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong and an "A-1" rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it is strong. A "BBB" rating means that the financial commitment on the relevant notes exhibits adequate protection parameters. However, adverse economic conditions or

changing circumstances are more likely to lead to a weakened capacity of the Issuer to meet its financial commitment on the relevant notes issued by it. A “BB” rating means that the ability of the Issuer to meet its financial commitment on the relevant notes issued by it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the Issuer’s inadequate capacity to meet its financial commitment on the relevant notes issued by it. As defined by Standard & Poor’s, an addition of a plus (+) or minus (-) sign shows relative standing within the major rating categories.

Fitch Ratings Limited (“**Fitch**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “AA-”; senior notes issued by RBS N.V. with a maturity of less than one year “F1+”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Fitch, an “AA” rating indicates that the Issuer has a very strong capacity for payment of its financial commitments on the relevant notes issued by it and that this capacity is not significantly vulnerable to foreseeable events. As defined by Fitch, an addition of a plus (+) or minus (-) sign denotes relative status within the major rating categories. As defined by Fitch, an “F1” rating indicates that the Issuer has the strongest capacity for timely payment of its financial commitments on the relevant notes issued by it. As defined by Fitch, an addition of a plus (+) to an “F1” rating denotes an exceptionally strong credit feature.

Moody’s Investors Service Limited (“**Moody’s**”) is expected to rate: senior notes issued by RBS N.V. with a maturity of one year or more “A2”; senior notes issued by RBS N.V. with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS N.V. will be rated on a case-by-case basis. As defined by Moody’s, an “A” rating means the capacity of the Issuer to meet its obligations on the relevant notes issued by it is considered upper-medium grade subject to low credit risk. As defined by Moody’s the addition of a “2” indicates that the obligation ranks in the mid-range of its rating category. As defined by Moody’s, a “P-1” rating means that the Issuer has a superior ability to repay its short term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third party information and were obtained in the English language from (i) the publication entitled “Standard & Poor’s Ratings Definitions 27 April 2011” published by Standard & Poor’s (available at www.standardandpoors.com), (ii) the publication entitled “Rating Symbols and Definitions January 2011” published by Moody’s (available at www.moody.com) and (iii) the publication entitled “Definitions of Ratings and Other Forms of Opinion April 2011” published by Fitch (available at www.fitchratings.com). The information found at the websites referred to in the previous sentence does not form part of and is not incorporated by reference into this Base Prospectus. The rating definitions set out above have been accurately reproduced from the sources identified above and, so far as the Issuer is aware and is able to ascertain from information published by the third parties referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Base Prospectus (to the extent they relate to this Part A) have been issued by Standard & Poor’s Credit Market Services Europe Limited, Fitch Ratings Limited and Moody’s Investors Service Limited, each of which is established in the European Union and has applied to be registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, although the results of such applications have not yet been determined.

Proposed Transfers

On 19 April 2011, the Boards of RBSG, RBS, RBS Holdings and RBS N.V. announced that they had approved the proposed transfers of a substantial part of the business activities of RBS N.V. to RBS (the “Proposed Transfers”), subject, amongst other matters, to regulatory and other approvals, further tax and other analysis in respect of the assets and liabilities to be transferred and employee consultation procedures.

It was also announced that it was expected that the Proposed Transfers would be implemented on a phased basis over a period ending 31 December 2013 and that a large part of the Proposed Transfers (including the transfers of certain securities issued by RBS N.V.) was expected to have taken place by the end of 2012. Where available and practicable, statutory transfer schemes will be used to implement the Proposed Transfers. Subject to internal approvals, it is expected that these will include a banking business transfer scheme in respect of eligible business carried on by RBS N.V. pursuant to Part VII of the UK Financial Services and Markets Act 2000 (the “**Part VII Scheme**”). Implementation of the Part VII Scheme will be subject (amongst other matters) to court and regulatory approval. In due course, it is expected that details will be announced of the RBS N.V. securities in respect of which RBS is expected to become the issuer as a result of the Part VII Scheme. From on or around the date of such announcement, RBS N.V. will include provisions in the Final Terms for new issues of Securities under the Programme to indicate whether or not RBS is expected to become the issuer of those Securities as a result of the Part VII Scheme (subject to the relevant Securities not having been exercised, redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme). In advance of that, certain disclosure relating to RBS has been incorporated by reference in this Base Prospectus. If the Final Terms for an issue of Securities indicate that RBS is not expected to become the issuer of those Securities as a result of the Part VII Scheme, the expectation is that RBS N.V. will remain the issuer of such Securities and that RBS will not become the issuer of such Securities pursuant to the Proposed Transfers generally.

If the Final Terms of an issue of Securities indicate that RBS is or is not expected to become the issuer of such Securities as a result of the Part VII Scheme, investors should not place any reliance on such indication when making an investment decision or for any other purpose, and investors should be aware that changes to the proposals for the Proposed Transfers (including, without limitation, to the identity of the securities in respect of which RBS may become the issuer, the eventual manner in which the change of issuer is proposed to be effected, to the timing for such change or any other details of the Part VII Scheme) may be made if required, or if determined by RBS N.V. or RBS (in their absolute discretion) to be desirable for commercial or other reasons. Accordingly, nothing in the Final Terms or this Base Prospectus should be taken as (or is) a representation that RBS will become, or RBS N.V. will remain, the issuer of any of the Securities, whether in the manner described in this Base Prospectus, in accordance with the timing set out in this Base Prospectus, or at all. If prospective purchasers are in any doubt as to whether there is any tax or other impact on them as a result of the Proposed Transfers (including the Part VII Scheme), they should discuss such matters with their advisers.

Guarantee

RBS Holdings owns 100 per cent. of RBS N.V.’s shares and is jointly and severally liable for all liabilities in respect of the Securities pursuant to a declaration under Article 2:403 of the Dutch Civil Code, which liability of RBS Holdings in relation to any Securities that are transferred as a result of the Part VII Scheme will not be affected by such transfer (to the extent RBS Holdings would, but for such transfer, have otherwise been liable for the same).

Documents Available

During the validity of this Base Prospectus, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer:

- (a) the incorporation documents of the Issuer;
- (b) the consolidated audited financial statements of RBS Holdings in respect of the financial years ended 31 December 2009 and 31 December 2010 together with the audit reports thereon;
- (c) all future consolidated financial statements of the Issuer;
- (d) a copy of the Registration Document;
- (e) a copy of this Base Prospectus; and
- (f) all documents incorporated herein by reference.

In addition, copies of the Registry Services Agreement (as defined in the “Conditions”) will be made available for inspection during normal business hours at the registered office of the Registrar in respect of Securities cleared through CREST (defined below).

Clearing and settlement systems

The Securities have been accepted for clearance through Clearstream Banking AG (“**Clearstream AG**”), Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (“**Euroclear Netherlands**”), Euroclear Bank, S.A./N.V. (“**Euroclear Luxembourg**”) Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”), SIX SIS Ltd and the dematerialised and uncertificated securities trading system operated by Euroclear UK and Ireland Limited (“**CREST**”). The appropriate WKN, Common Code, International Securities Identification Number and Valoren for each Series allocated by Clearstream AG, Euroclear Netherlands, Euroclear, Luxembourg, Clearstream, Luxembourg and SIX SIS Ltd, and any other relevant security code allocated by any other relevant clearing system, will be specified in the applicable Final Terms. If the Securities are to clear through an additional or alternative clearing system the appropriate additional or alternative information will be specified in the applicable Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

Information on the Offering of the Securities

- (a) **Offer Process**

For a short period prior to the Launch Date specified in the applicable Final Terms, the Securities of the relevant Series may be offered by the Issuer for subscription to prospective investors but the Issuer reserves the right to close subscription early. The Issuer anticipates that it will deliver the Final Terms in respect of each Series of the Securities which are to be admitted to trading and listed on Euronext Amsterdam by NYSE Euronext prior to the commencement of the Subscription Period specified in the Final Terms or prior to the Launch Date specified in the Final Terms if there is no Subscription Period. On or about the Launch Date the Issuer will, pursuant to its agreement with NYSE Euronext, offer to buy or sell the Securities of any Series to be admitted to trading and listed on Euronext Amsterdam. Any such trading, if any, will be on an as, if and when issued basis until the Issue Date specified in the applicable Final Terms. The Issuer expects that each such Series of the Securities will be admitted to trading on Euronext Amsterdam with effect from the Launch Date stated in the applicable Final Terms. Except in the case of dematerialised Securities, the Securities will be issued in global bearer form and all trades will be settled in the applicable clearing systems on their usual basis for secondary market transactions. Other than the issue price of the Securities of the relevant Series, each prospective investor shall not be required to pay any expenses to the Issuer in order to subscribe for the relevant Securities.

Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as the Issuer may decide. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market.

(b) Description of the Application and Payment Process for a Prospective Purchaser

Applications for Securities may be made by a prospective purchaser through any broker, financial adviser, banker, financial intermediary or other agent acting in such a capacity (each a “**Selling Agent**”) which has a relationship with the Issuer governing the sale of the Securities. Pursuant to anti-money laundering regulations, prospective purchasers who are not an existing client of a Selling Agent may be required by their Selling Agent of choice to complete an anti-money laundering form and to provide further evidence of identification in advance of applying for any Securities.

Each prospective purchaser should ascertain from its Selling Agent of choice when that Selling Agent will require receipt of cleared funds from its clients in respect of applications for Securities and the manner in which payment should be made to the Selling Agent. Each Selling Agent may impose different arrangements relating to the purchase of Securities and prospective investors should contact the Selling Agents directly for information concerning such arrangements. Applicants for Securities who arrange to purchase the Securities through a Selling Agent should note that in doing so they are assuming the credit risk of the relevant Selling Agent and that such arrangements will be subject to the applicable conditions of the relevant Selling Agent.

(c) Conditions to Which the Offer is Subject

The offer, in respect of a particular Series of Securities is subject to the Conditions as set out in this Base Prospectus, the relevant Final Terms and any document incorporated by reference (see “*Documents Incorporated by Reference*”).

(d) Minimum/Maximum Application Amount

Investors are required to subscribe for a minimum of one (1) Security and thereafter in multiples of one (1) Security unless otherwise specified in the relevant Final Terms in respect of the relevant Series of the Securities. There is no maximum subscription amount unless otherwise stated in the relevant Final Terms in respect of the relevant Series of the Securities.

(e) Scale-back and Cancellation

The Issuer reserves the right, prior to the Issue Date, in its absolute discretion to:

1. decline in whole or in part an application for Securities such that a prospective purchaser for Securities may, in certain circumstances, not be issued the number of (or any) Securities for which it has applied (“**Scale-back**”); or
2. withdraw, cancel or modify the offer of the Securities (“**Cancellation**”).

The Issuer may Scale-back or effect a Cancellation of the Securities without notice and will notify prospective investors, either directly or indirectly through a relevant Selling Agent, of such Scale-back or Cancellation after such Scale-back or Cancellation has occurred. In the event that the Securities are not issued, no subscription monies shall be payable by prospective purchasers to the Issuer (either directly or indirectly through a Selling Agent (as defined above)) in respect of the Securities. Prospective purchasers should contact their Selling Agent of choice for details of the arrangements for the return of application monies in such circumstances. The Issuer shall have no responsibility for, or liability arising out of, the relationship between prospective purchasers and their respective Selling Agents and clearing system operators, including, without limitation, in respect of arrangements concerning the return of monies by such persons to their clients.

(f) Details of the Manner in Which the Results of the Initial Offer are to be Made Public

The total amount of the offer shall be as specified in the relevant Final Terms in respect of the relevant Series of the Securities. If an amount is not fixed then the Issuer will make a notification pursuant to Article 8 of the Prospectus Directive. Except in the case of (i) for a Scale-back or a Cancellation, in which case the Issuer will notify prospective investors of such Scale-back or Cancellation as described in sub-paragraph (e) above, or (ii) as otherwise specified in the relevant Final Terms in respect of the relevant Series of the Securities, the Issuer will issue all of the Securities that are the subject of the offer on the Issue Date. A prospective investor submitting an application to purchase Securities will be notified by the Issuer, either directly or indirectly through a relevant Selling Agent, of the acceptance or otherwise of such application on or prior to the Issue Date. Dealing may begin before such notification is made.

(g) Categories of Investors to which Securities are Offered

The Securities will be offered to both retail and qualified investors.

(h) Expenses and Taxes

Any expenses are described in the relevant Product Conditions and Final Terms for the relevant Series and will be deducted accordingly. For further information on taxes, please refer to the section titled “Taxation”.

(i) Post-issuance Information

The Issuer does not intend to provide any post-issuance information.

(j) Description of the Securities

The notes are investment instruments which may or may not bear interest and which, at maturity or earlier termination, either pay a cash amount which may or may not be equal to the nominal amount of the relevant note, less certain expenses (the “**Cash Amount**”) or, in the case of exchangeable notes, permit the holder thereof (the “**Holder**”) to exchange his note for, depending on the terms of the relevant note, a defined amount of the Underlying (as defined below) or an amount in cash calculated by reference to the value of the Underlying (the “**Conversion Amount**”). The

amount of interest to be paid and/or the Cash Amount and/or the Conversion Amount may or may not be dependent upon the performance of an Underlying, be it underlying reference rate, stock, index (including in the case of an index, the index and its constituent elements) or basket, in all cases, as provided in the terms of the relevant note. As such, each note will entail particular risks. Notes which are not capital protected may result in the Holder losing some or, in certain limited cases, all of his initial investment. Notes where the interest amount paid is dependent upon the performance of the Underlying may result in the Holder receiving no or only a limited periodic return on his investment.

The price at which a Holder will be able to sell notes prior to their redemption may potentially be at a substantial discount to the market value of the notes at the issue date depending upon the performance of the Underlying at the time of sale.

The types of note that may be issued under this Base Prospectus are described below.

Range accrual notes are interest bearing cash settled securities. Range accrual notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a range accrual note depends on the performance of one or more underlying reference rates, as specified in the applicable Final Terms. Typically, interest will accrue for each relevant day in an interest period on which the Underlying performs in the manner specified in the Final Terms but will not accrue in respect of other days. Interest on a range accrual note may also be paid at a pre-determined specified rate for certain interest periods specified in the applicable Final Terms.

Ladder notes are interest bearing cash settled securities which may be called by the Issuer on specified dates. Ladder notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a ladder note depends on the performance of an underlying reference rate, as specified in the applicable Final Terms. Typically, interest will be paid in respect of each interest period either at a pre-determined specified rate or at the difference between a pre-determined specified rate and an identified floating rate for the relevant interest period, subject in the latter case to any minimum rate specified for the relevant interest period, all as specified in the applicable Final Terms.

Target coupon notes are interest bearing cash settled securities. Target coupon notes are redeemed at a percentage of their nominal amount. The amount of interest paid on a target coupon note depends on the performance of one or more underlying shares, as specified in the applicable Final Terms. Typically, a target interest amount will be set which, if reached prior to maturity, may result in early termination of the securities. In certain cases additional interest amounts may also be paid as specified in the applicable Final Terms.

Rate notes are cash settled securities which may or may not bear interest and are redeemed at their nominal amount or a stated percentage thereof. The amount of interest paid on a rate note may depend on the performance of one or more underlying reference rates and/or may be determined by reference to a fixed rate or rates, as specified in the applicable Final Terms.

Zero coupon notes are cash settled securities which are issued at a percentage of the nominal amount and which do not bear any interest.

Currency exchange notes are cash settled securities which may or may not bear interest and are redeemed at their nominal amount or a stated percentage thereof. The amount of interest paid on a currency exchange note will depend on the performance of one or more underlying currency exchange rates, as specified in the applicable Final Terms.

Yield discovery notes are capital protected interest bearing cash settled securities. Yield discovery notes are redeemed at their nominal amount. The amount of interest paid on a yield discovery note depends on the performance of an underlying basket of shares, as specified in the applicable Final Terms. The maximum rate of interest so determined may be capped at the level specified in the applicable Final Terms. Interest on a yield discovery note may also be paid at a pre-determined specified rate for certain interest periods as specified in the applicable Final Terms. The rate of interest for certain interest periods may be at least the level of the previous year.

Certificate notes are cash settled securities which may or may not be interest bearing or capital protected. The Cash Amount payable at maturity of a certificate note will at least equal its nominal amount (if it is capital protected) plus a return (which may be zero) calculated by reference to the performance of one or more underlying certificates, as specified in the applicable Final Terms.

Index notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms. The Cash Amount payable at maturity on an index note will at least equal a specified percentage of its nominal amount but may be higher than that amount and may be subject to a capped maximum gain depending on the performance of the Underlying, as specified in the applicable Final Terms.

Inflation index notes are fixed-income securities that track a consumer price index (“CPI”) and offer a real rate of return; that is, they generate monthly interest payments that exceed the prevailing inflation rate by a specified amount.

Callable index notes are non-interest bearing cash settled securities. The Cash Amount payable on the note will depend on the performance of the underlying index specified in the applicable Final Terms. If during the life of the note the Issuer determines that an early redemption event has occurred, the note may be redeemed at an amount determined in the manner specified in the applicable Final Terms. If, by the maturity date, an early redemption event has not occurred, the Cash Amount paid in respect of the note will depend upon the performance of the Underlying at maturity and may be less than the nominal amount of the note.

Autocallable notes are cash settled or physically settled (if specified in the applicable Final Terms) securities which are not capital protected and may be interest bearing. The Cash Amount payable on, and the maturity date of, the note will depend on the performance of the Underlying specified in the applicable Final Terms. If on specified dates during the life of the note the level of the Underlying performs in a specified manner (an “**Early Termination Event**”), the note will be redeemed at its nominal amount plus an additional amount specified in the applicable Final Terms. If, by the maturity date, an Early Termination Event has not occurred, the Cash Amount paid in respect of the note will depend upon the performance of the Underlying at maturity and may be less than the nominal amount of the note.

Share notes are cash settled securities and may be interest bearing. If applicable, interest may be payable on a share note at a rate specified in the applicable Final Terms. The Cash Amount payable at maturity of a share note may be at least equal to a specified percentage of its nominal amount, may be subject to a capped gain and/or may depend on the performance of the Underlying, as specified in the applicable Final Terms.

Exchangeable notes may be cash settled or physically settled securities and may be interest bearing. If applicable, interest may be payable on an exchangeable note at a rate specified in the applicable Final Terms. The cash amount payable at maturity of a cash settled exchangeable note may be at least equal to a specified percentage of its nominal amount, may be subject to a capped gain and/or may depend on the performance of the Underlying, as specified in the applicable Final Terms. In the case of a physically settled exchangeable note, the share amount to be delivered will be

determined by reference to the performance of the underlying share in the manner specified in the applicable Final Terms.

Multi-asset basket linked notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms. The cash amount payable at maturity on a note will at least equal a specified percentage of its Nominal Amount but may be higher than that amount and may be subject to a capped maximum gain depending on the performance of the Underlying, as specified in the applicable Final Terms.

Fund linked notes are cash settled securities which may be partially or fully capital protected and may be interest bearing. If applicable, interest may be payable at a rate specified in the applicable Final Terms.

Basket related capital protected notes enable investors to participate in the performance of one or more baskets of different components relating to the relevant Series (including, without limitation and as specified in the applicable Final Terms, an index component, a real estate index component, a commodity component or a bond index component). In addition to capital protection, an investor may, as specified in the applicable Final Terms, receive an additional amount depending on the performance of one or more baskets of different components. If specified in the applicable Final Terms, an Interim Cash Settlement Amount or Interest Amount (each as defined in the applicable Final Terms) will be payable (subject to any applicable conditions being met) on the Interim Cash Settlement Amount Payment Date or each Interest Payment Date, as the case may be.

Commodity notes are cash settled securities which may be partially or fully capital protected and may or may not be interest bearing. The Cash Amount payable at maturity of a commodity note is calculated by reference to the performance of one or more underlying commodities, as specified in the applicable Final Terms.

Issued Financial Instruments on the Issuer's securities

At the date of this Base Prospectus, there are no convertible bonds or options on the Issuer's securities (including employee options) outstanding which have been issued by the Issuer or by the group companies of the Issuer.

Equity Securities

All of the Issuer's ordinary shares are held by RBS Holdings and are not listed or traded.

Third Party Information

Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PART B: IN RELATION TO RBS

Ratings

Standard & Poor's is expected to rate: senior notes issued by RBS with a maturity of one year or more "A+"; senior notes issued by RBS with a maturity of less than one year "A-1"; dated subordinated notes issued by RBS "BBB+"; and undated tier 2 notes issued by RBS "BB+". Fitch is expected to rate: senior notes issued by RBS with a maturity of one year or more "AA-"; senior notes issued by RBS with a maturity of less than one year "F1+"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis. Moody's is expected to rate: senior

notes issued by RBS with a maturity of one year or more “Aa3”; senior notes issued by RBS with a maturity of less than one year “P-1”; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

See pages 1 and 2 of the RBS Registration Document, which is incorporated by reference into this Base Prospectus, for an explanation of the credit ratings referred to above.

The credit ratings included or referred to in this Base Prospectus (to the extent they relate to this Part B) will be treated for the purposes of the CRA Regulation as having been issued by Standard & Poor’s, Fitch and Moody’s upon registration pursuant to the CRA Regulation. Each of Standard & Poor’s, Fitch and Moody’s are established in the European Union and has applied to be registered under the CRA Regulation, although the result of such applications has not yet been determined.

Recent Developments

Material Contracts

The RBS Group is party to various contracts in the ordinary course of business. Material contracts are described on pages 399 to 404 of the 2010 annual report and accounts of RBSG which was published by RBSG on 17 March 2011.

Investigations: Payment Protection Insurance

The registration document of RBS dated 25 February 2011 published via the Regulatory News Service of the London Stock Exchange plc on 25 February 2011 contains disclosure relating to Payment Protection Insurance on page 42 under the heading “Payment Protection Insurance” and the following paragraphs shall replace the third paragraph in that section:

Following unsuccessful negotiations with the industry, the Financial Services Authority (the “FSA”) issued consultation papers on PPI complaint handling and redress in September 2009 and again in March 2010. The FSA published its final policy statement on 10 August 2010 and instructed firms to implement the measures contained in it by 1 December 2010. The new rules impose significant changes with respect to the handling of misselling PPI complaints. On 8 October 2010, the British Bankers’ Association (the “BBA”) filed an application for judicial review of the FSA’s policy statement and of related guidance issued by the Financial Ombudsman Service (the “FOS”). The application was heard in January 2011. On 20 April 2011, the High Court issued a judgment in favour of the FSA and the FOS. The BBA announced on 9 May 2011 that it would not appeal that judgment and the RBSG Group supports this position. On 9 May 2011, the RBSG Group announced that, although the costs of PPI redress and its administration are subject to a degree of uncertainty, the RBSG Group will record an additional provision of £850 million in the second quarter of 2011. To date, the RBSG Group has paid compensation to customers of approximately £100 million and the RBSG Group has an existing provision of approximately £100 million.

The RBSG Group is currently discussing with the FSA how the FSA’s policy statement should be implemented and what its requirements are. As part of these discussions, the RBSG Group will review its PPI complaint handling processes to ensure that redress is offered to any customers identified as having suffered detriment.

Significant Change and Material Adverse Change

Save in relation to the matters referred to in the section headed “Investigations: Payment Protection Insurance” above, which relates to past sales of Payment Protection Insurance:

- (a) there has been no significant change in the trading or financial position of the RBS Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information of the RBS Group has been published); and
- (b) there has been no material adverse change in the prospects of the RBS Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the RBS Group was prepared).

Assets, Owners' Equity and Capital Ratios

The RBS Group had total assets of £1,307.3 billion and owners' equity of £57.0 billion as at 31 December 2010. As at 31 December 2010, the RBS Group's capital ratios were a total capital ratio of 13.6 per cent., a Core Tier 1 capital ratio of 8.4 per cent. and a Tier 1 capital ratio of 10.1 per cent.

Large Exposure Regime

On 1 July 2011, RBS will become subject to changes to the Financial Services Authority's large exposure regime. Under the changes to the large exposure regime, any company which is less than 100 per cent. owned by RBSG will be classified as a Connected Counterparty. RBS N.V., which is currently approximately 98 per cent. indirectly owned by RBSG, will therefore be classified as a Connected Counterparty, which will result in a breach by RBS of the amended rules under the large exposure regime described above.

The Proposed Transfers (as described above) are, subject to certain conditions, expected to be implemented on a phased basis over a period ending 31 December 2013. Those Proposed Transfers will also form the basis of a remediation plan which has been agreed with the Financial Services Authority to enable RBS over time to become compliant with the changes to the large exposure regime.

RBS does not expect this to have a material adverse effect on the RBSG Group.

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 and the Final Terms. The Final Terms, 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 or the applicable Final Terms 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

(a) The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that 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.

(b) The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that payments made on the Securities are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity and that these payments have or will become subject to U.S. withholding tax. 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 and of paying any required U.S. withholding tax. 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) With respect to Securities other than Securities cleared through CREST, Notices to Holders shall be given by the delivery of the relevant notice to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such notice to the Holders. Where Securities are cleared through CREST, notices to Holders shall be given by the delivery of the relevant notice to the Registrar for communication to the Holders pursuant to the procedures for delivery of notices to accountholders in CREST as may be agreed between the Issuer, the Registrar and the Operator from time to time. The Issuer shall also ensure that notices are duly published, to the extent required, in a manner which complies (i) with the rules of any stock exchange or other relevant authority on which the Securities are for the time being listed or in the country in which such Securities have been admitted to trading and (ii) with any relevant legislation. In addition, for Securities listed on the SIX Swiss Exchange Ltd, the Issuer shall have the right but (without prejudice to the previous sentence) shall not be obliged to publish notices in electronic form on the internet website of the SIX Swiss Exchange Ltd http://www.six-exchange-regulation.com/publications/communiques/official_notices_en.html if and so long as the Securities are listed on the SIX Swiss Exchange Ltd.
- (b) Any such notice issued pursuant to General Condition 4(a) by being delivered to the Clearing Agent(s) or the Registrar for communication to the Holders, as applicable, will be deemed to have been given on the date of the delivery of such notice to the Clearing Agent(s) or the Registrar, as applicable. Any such notice issued pursuant to General Condition 4(a) by being published will be deemed to have been given on the date of the first publication (for the avoidance of doubt, such notice having been published by any valid means) or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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, acting in good faith and in a commercially reasonable manner, determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer or any Hedge Provider wholly or partially to (i) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of a relevant hedging transaction (a “**Relevant Hedging Transaction**”) or asset it deems necessary, appropriate or desirable to hedge the Issuer’s obligations in respect of the Securities or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s). The reasons for such determination by the Issuer may include, but are not limited to, the following:
- (i) the Issuer or any Hedge Provider will, whether directly or indirectly, incur a material increase (as compared with circumstances existing on the Issue Date) in the amount of tax, duty, expense (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) or fee (other than brokerage commissions)

provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or the Hedge Provider shall not be considered for the purposes of this sub-paragraph (i); or

- (ii) any material illiquidity in the market for, or any mandatory redemption in whole or in part of, the relevant instruments (the “**Disrupted Instrument**”) which from time to time are included in the reference asset to which the Securities relate; or
- (iii) a change in any applicable law or regulation (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority); or
- (iv) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
- (v) 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.

In the Conditions:

“**Hedge Position**” means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in reference assets to which the Securities relate, securities, options, futures, derivatives or foreign exchange, (ii) securities lending transactions or (iii) other instruments or arrangements (however described) by the Issuer in order to hedge the Issuer’s risk of issuing, and performing its obligations with respect to, the Securities; and

“**Hedge Provider**” includes but is not limited to the Issuer, any associate, subsidiary or affiliate thereof and/or The Royal Bank of Scotland plc and/or any other party(ies) and/or any special purpose vehicle(s) holding or entering into a Hedge Position in connection with the Issuer’s hedging arrangements in respect of the Securities.

- (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 defined in the relevant Product Conditions, or otherwise, the date that is the Settlement Date) as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date (if applicable), 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 having regard to prevailing market rates, credit spreads and market liquidity, 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.
- (d) The Issuer may also make adjustments to the Conditions if it determines that an event has occurred which, whilst not a Hedging Disruption Event or other disruption event as specified in Product Condition 4, is likely to have a material adverse effect on the Issuer's Hedge Position. Where the Issuer makes adjustments to the Conditions pursuant to this General Condition 5(d), the Issuer shall notify the Holders thereof and shall offer to purchase from Holders for a period of not less than 10 days any Securities held by them at their fair market value (as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner and taking into account the proposed adjustment) less the cost to the Issuer of unwinding any Relevant Hedging Transaction.

6. PURCHASES, FURTHER ISSUES BY THE ISSUER AND PRESCRIPTION

- (a) Purchases. The Issuer or any affiliate may 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.
- (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.

- (i) In making any determinations and calculations under these Conditions, the Issuer and the Calculation Agent shall act at all times in good faith and in a commercially reasonable manner. All such determinations and calculations by the Issuer and the Calculation Agent shall, in the absence of manifest error, be final and binding.
- (ii) Whilst it is intended that the Issuer and the Calculation Agent will employ the methodology described in the Conditions to make determinations in respect of the Securities, no assurance can be given that market, regulatory, judicial or fiscal circumstances or, without limitation, any other circumstances will not arise that would necessitate a modification or change in such methodology in order that the Securities replicate as closely as possible investments in the assets underlying the Securities and its components. The Issuer and the Calculation Agent may make any such modification or change to such methodology that it considers necessary to reflect such circumstances.
- (iii) Calculations made by the Issuer or the Calculation Agent in respect of the Securities shall be made on the days specified herein; however, notwithstanding the foregoing or anything else contained in these Conditions, should the Issuer or the Calculation Agent determine that in order to give effect to the methodology described in these Conditions it is necessary to make calculations on a day or days other than that specified, then each of the Issuer and the Calculation Agent is permitted to make such calculations on such calendar day or days as it shall determine.
- (iv) Due to timing considerations, process requirements and other matters that would, in the opinion of the Issuer or the Calculation Agent, be relevant in relation to the implementation of asset allocation models, the Issuer or the Calculation Agent may need to make appropriate adjustments to the methodology set out in the Conditions as it considers necessary in order to reflect the timing and amounts that would be applicable were the Issuer or the Calculation Agent physically implementing the methodology set out in the Securities.

- (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 issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities:

- (i) The Royal Bank of Scotland plc, registered in Scotland under No. 90312, with its registered office at 36 St Andrew Square, Edinburgh EH2 2YB, (“**RBS**” or the “**Substitute**”) subject to 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; or
- (ii) any entity which (i) acquires all or substantially all of the undertaking and/or assets of the Issuer or (ii) acquires the beneficial ownership of the whole of the issued voting stock and/or share capital of the Issuer or (iii) into which the Issuer is amalgamated, merged or reconstructed and where the Issuer is not the continuing company (such entity, a “**Successor in Business**” or the “**Substitute**”) subject to 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; or
- (iii) the holding company of the Issuer (the holding company currently being The Royal Bank of Scotland Group plc, company number SC045551) (the “**Holding Company**” or the “**Substitute**”) subject to 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; or
- (iv) any entity other than RBS, a Successor in Business or the Holding Company (also, the “**Substitute**”), subject to 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; and the Issuer or RBS having issued a legal, valid and binding guarantee of the obligations and liabilities of the Substitute under the Securities for the benefit of each and any of the Holders,

and in each case subject to 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.

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.

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 been 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, 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 National Currency Unit (the “**Original Currency**”) of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, 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 on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

“**Established Rate**” means the rate for the conversion of the Original Currency or, as the case may be, the Settlement 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 Article 123 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 country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

“**Treaty**” means the treaty establishing the European Community, as amended.

12. AGENTS

- (a) Principal Agent and Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any 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 or such other Calculation Agent as specified in the applicable Final Terms, shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor calculation agent or assignee as approved by the Issuer) 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 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. 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 may, with the consent of the Issuer (if it is not the Issuer), 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 English 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 Securities and any non-contractual obligations arising out of or in connection with the Securities, are governed by and shall be construed in accordance with English law.
- (b) The courts of England have exclusive jurisdiction to settle any dispute (including any dispute relating to any non-contractual obligations) (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.

16. METHOD OF PAYMENT

For purposes of any payment on a Security, the Clearing Agents may not be United States persons, as defined for United States Federal income tax purposes, and their respective specified offices may not be located in the United States or any of its possessions. No payment on a Security shall be made by transfer to an account in the United States (including its possessions) or by cheque mailed to an address in the United States (including its possessions).

17. COMMISSIONS, FEES AND REBATES

From time to time, the Issuer may make payments or receive the benefit of payments in relation to the issue of Securities including the following:

- (a) The Issuer may pay to a distributor, sales agent or other intermediary fees or commissions. Such fees or commissions are generally required to be disclosed by distributors, sales agents or intermediaries which, in each case, are EEA investment firms or credit institutions to their clients. Each potential investor in the Securities should satisfy itself as to the amount of any fees or commissions received by intermediaries;
- (b) The Issuer may receive or pay management or other fees from or to third parties. Where such fees are payable, further details of them will be set out in the relevant Final Terms; and
- (c) The Issuer may make payments to or receive the benefit of generic commission, discount and rebate arrangements from Hedge Providers and other transaction counterparties. Such arrangements will be as agreed between the Issuer and the third parties.

The Issuer reserves the right to retain any amounts received without any obligation to pass the benefit of the rebates to investors in the Securities.

18. EVENTS OF DEFAULT

If any one or more of the following events (each an “**Event of Default**”) shall occur and be continuing:

- (a) default is made for more than 30 days in the payment of interest or principal in respect of the Securities; or
- (b) the Issuer fails to perform or observe any of its other obligations under the Securities and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (c) an order is made or an effective resolution is passed for the winding up of the Issuer (excluding a solvent winding up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation in connection with which The Royal Bank of Scotland Group plc or any of its subsidiaries assumes the obligations of the Issuer as principal debtor in respect of the Securities),

then any Holder may, by written notice to the Issuer at the specified office of the Principal Agent, effective upon the date of receipt thereof by the Principal Agent, declare the Security held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Termination Amount (as defined below), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

“Early Termination Amount” means an amount calculated by the Calculation Agent as the fair market value of the Security immediately prior to such Event of Default. 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 having regard to prevailing market rates, credit spreads and market liquidity, howsoever expressed, on a relevant Interest Payment Date (if applicable), 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.

19. **REGISTRAR AND REGISTRY SERVICES AGREEMENT WITH RESPECT TO SECURITIES CLEARED THROUGH CREST**

In respect of Securities cleared through the dematerialised securities system operated by Euroclear UK and Ireland Limited (“CREST”), the Issuer has entered into an agreement for the provision of registry services with Computershare Investor Services PLC or otherwise, the person named as the Registrar in the applicable Final Terms (with respect to Securities cleared through CREST, the “Registrar” which expression shall include any successor registrar) and the definition of “Registrar” for the purposes of the applicable Product Conditions and Final Terms shall be construed accordingly.

Payments in respect of Securities cleared through CREST will be made under an agreement as amended, restated or supplemented from time to time (the “Registry Services Agreement”) for the provision of registry services with the Registrar.

In acting under the Registry Services Agreement, the relevant Registrar will act solely as agent of the Issuer and does not assume any obligations or relationships of agency or trust to or with the Holders.

20. **PAYMENTS WITH RESPECT TO SECURITIES CLEARED THROUGH CREST**

Notwithstanding anything to the contrary contained in the Conditions, the Issuer shall pay or cause to be paid any amounts due to a Holder of a Security cleared through CREST to such Holder's cash account with the Operator for value on the relevant payment date, such payment to be made in accordance with the Regulations (as defined in the relevant Product Conditions) and the rules, procedures and practices in effect of the Operator (as defined in the relevant Product Conditions). The Issuer's obligations in relation to such amounts in respect of Securities cleared through CREST will be discharged by payment to, or to the order of, the Operator. Each of the persons shown in the Operator register of corporate securities as the holder of a particular nominal amount of Securities cleared through CREST must look solely to the Operator for his share of each such payment so made by the Issuer to, or to the order of, the Operator.

21. **TRANSFER AND CONSISTENCY REGULATIONS WITH RESPECT TO SECURITIES CLEARED THROUGH CREST**

No provisions of any of the Conditions shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (i) the holding of title to Securities cleared through CREST (ii) the transfer of title to Securities cleared through CREST by means of a relevant system, or (iii) the Regulations.

Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in the Conditions, so long as Securities cleared through CREST are participating securities, (a) any such Securities which are not for the time being in all respects identical to, or do not for the time being have rights attached thereto identical in all respects to those attached to other Securities cleared through CREST of the same Series, shall be deemed to constitute a separate Series of Securities, (b) the Register (as defined in the relevant Product Conditions) relating to Securities cleared through CREST shall be maintained at all times in the United Kingdom, (c) Securities cleared through CREST will be issued in uncertificated form in accordance with and subject as provided in the Regulations, and (d) for the avoidance of doubt, and any Conditions in relation to any Securities cleared through CREST shall remain applicable notwithstanding that they are not endorsed on any certificate for such Securities.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO RANGE ACCRUAL NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or a 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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

- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“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 Terms” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“**Interest Rate**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Issuer Call**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“**Issuer Call Cash Amount**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Event specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Payment Day” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign 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 2) System is open;

“Pricing Date” means the date specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

“Rate 1” means, subject to Product Condition 4, the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

“Rate 2” means, if applicable and subject to Product Condition 4, the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

“Reference Banks” means the entities specified as such in the definition of the relevant Series in the applicable Final Terms;

“Reference Spread” means, if applicable, the spread of Rate 1 over Rate 2, to be fixed by the Calculation Agent at the Valuation Time on each day by reference to information published on the Reference Spread Screen Page specified in the definition of the relevant Series in the applicable Final Terms, except that (i) if any day is not a Business Day, the fixing for the immediately preceding Business Day shall be used, (ii) the last fixing of Rate 1 and Rate 2 in each Interest Period will be the fifth Business Day prior to the Interest Payment Date falling at the end of that Interest Period and this fixing will be used for the remaining days of the Interest Period (whether or not they are Business Days) and (iii) if, in the determination of the Calculation

Agent, a Market Disruption Event has occurred on any day, then the Reference Spread will be fixed by the Calculation Agent in accordance with Product Condition 4 below;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Securities” means each Series of the range accrual notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“Target Rate” means the rate determined by the Calculation Agent on the Pricing Date. The indicative Target Rate (the **“Indicative Target Rate”**) means the rate specified as such in the definition of the relevant Series in the applicable Final Terms; and

“Valuation Time” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the

Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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 Cash Amount, such redemption to occur on the Maturity Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.

- (h) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 situation in which Rate 1 and/or Rate 2, if applicable, is not available on the relevant Reference Spread Screen Page, in which case the relevant rate shall be determined by the Calculation Agent, on the basis of quotations for the relevant rate or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify provided by the Reference Banks at the Valuation Time for the relevant Business Day. The Issuer will request each Reference Bank to provide a quotation of the relevant rate. If at least three quotations are provided, the relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine Rate 1 and/or Rate 2 (if applicable) and/or the Reference Spread, if applicable, at its sole and absolute discretion.
- (b) The Calculation Agent may make 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 determination. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

**CONDITIONS: PRODUCT CONDITIONS
RELATING TO LADDER NOTES**

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or a 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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

- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“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 Terms” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“**Interest Rate**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Issuer Call**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“**Issuer Call Commencement Date**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Issuer Call Date**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the

applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Payment Day” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign 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 2) System is open;

“Pricing Date” means the date specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

“Reference Banks” means the entities specified as such in the definition of the relevant Series in the applicable Final Terms;

“Reference Rate” means any Reference Rate specified as such in the definition of Interest Rate of the relevant Series in the applicable Final Terms;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“**Securities**” means each Series of the ladder notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Target Fixed Rate**” means the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Trading Day**” means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Settlement Currency;

“**Valuation Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms or, if such day is not a Trading Day, the first succeeding Trading Day; and

“**Valuation Time**” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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 Cash Amount, such redemption to occur on the Maturity Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.

- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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 or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 situation in which the Reference Rate is not available on the relevant Screen Page specified in the definition of Interest Rate of the relevant Series in the applicable Final Terms, in which case the relevant rate shall be determined by the Calculation Agent, on the basis of the quotations for the Reference Rate or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify provided by the Reference Banks at the Valuation Time on the relevant Valuation Date. The Issuer will request each Reference Bank to provide a quotation of the relevant rate. If at least three quotations are provided, the relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If it is not possible to obtain quotations of the relevant rate from at least three of the Reference Banks then the Calculation Agent will determine the Reference Rate at its sole and absolute discretion.

- (b) The Calculation Agent may make 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 determination. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

**CONDITIONS: PRODUCT CONDITIONS
RELATING TO TARGET COUPON NOTES**

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Averaging Dates**” means, unless “Averaging Dates” is specified as “Not Applicable” in the applicable Final Terms, with respect to any Valuation Date, such Valuation Date and each of the four Scheduled Trading Days immediately following such Valuation Date, provided that, if any of the Averaging Dates is a Disrupted Day in respect of a Share, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the scheduled Averaging Date and the Averaging Date for each Share affected by the occurrence of a Disrupted Day (the “**Affected Share**”) shall be the first succeeding Valid Averaging Date in relation to an Affected Share. If the first succeeding Valid Averaging Date in relation to an Affected Share has not occurred (i) as of the Valuation Time on the Relevant Number of Scheduled Trading Days immediately following the originally designated Averaging Date or (ii) as of the Valuation Time on the relevant Cut-Off Date, then the Calculation Agent shall determine the closing price in respect of such Share in its absolute discretion acting in good faith and in a commercially reasonable manner on that day regardless of whether that day is a Valid Averaging Date. If the Exchange fails to publish the closing price in respect of any Shares on any of the Averaging Dates and such day is not a Disrupted Day, the closing price of such Shares on such day shall be determined by the Calculation Agent in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner;

“**Basket**” means, unless “Basket” is specified as “Not Applicable” in the applicable Final Terms, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Bonus Coupon Amount**” means the amount, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 the amount specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**C_k**” means the Coupon Amount payable in respect of a Coupon Amount Payment Date;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 Amount**” means, subject to the occurrence of an Early Termination Event, the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Coupon Amount Payment Dates**” means, the dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Business Day, the next following Business Day;

“**Cumulative Coupon Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Cut-Off Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Disrupted Day**” means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders, in accordance with General Condition 4, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date, a Valuation Date or an Initial Fixing Date (as the case may be). Without limiting the obligation of the Calculation Agent to notify the Holders as set forth in the preceding sentence, the failure by the Calculation Agent to notify the Holders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day hereunder;

“**Early Closure**” means the closure on any Exchange Business Day of the Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

“**Early Termination Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Early Termination Event**” means the event specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

- (x) 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;

“**Exchange**” means, with respect to each Share, the exchange or quotation system specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or specified as such in the definition of the relevant Series in the applicable Final Terms, or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system on the original Exchange);

“**Exchange Business Day**” means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing 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 Terms**” means the document containing the specific terms relating to the Securities;

“**Fixing Cut-Off Date**” means the date (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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 Relevant Currency Exchange Rate;

“**Initial Fixing Dates**” means (if applicable) a total of five Initial Fixing Dates, the First Initial Fixing Date being the date (if any) specified as such in the definition of the relevant Series in the applicable Final Terms and, if such day is not a Scheduled Trading Day in respect of all the Shares, then the immediately following Scheduled Trading Day in respect of all the Shares and the remaining Initial Fixing Dates shall be the four consecutive Scheduled Trading Days immediately following the first Initial Fixing Date, provided that if any of such days is a Disrupted Day in respect of a Share the Initial Fixing Date for each Share not affected by the occurrence of a Disrupted Day shall be the scheduled Initial Fixing Date and the Initial Fixing Date for each Share affected by the occurrence of a Disrupted Day (the “**Affected Share**”) shall be the first succeeding Valid Fixing Date in relation to such Affected Share. If the first succeeding Valid Fixing Date in relation to a Share has not occurred (i) as of the Valuation Time on the fifth Scheduled Trading Day immediately following that originally designated Initial Fixing Date or (ii) as of the Valuation Time on the Fixing Cut-Off Date, then the Calculation Agent shall determine the closing price in respect of such Share in its absolute discretion acting in good faith and in a commercially reasonable manner on that day regardless of whether it is not a Valid Fixing Date on that day. For the avoidance of doubt, if the Exchange fails to publish the closing price in respect of any Shares on any Initial Fixing Date and such day is not a Disrupted Day, the closing price of such Shares on such day shall be determined by the Calculation Agent in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner;

“Initial Reference Spot” means, if applicable, regarding the relevant Share, the price specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means (i) a general moratorium is declared in respect of banking activities in the country in which the Exchange or Related Exchange is located or (ii) the occurrence or existence of any of:

- (A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or (ii) in options contracts or futures contracts relating to the Share on any relevant Related Exchange;
- (B) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (i) effect transactions in or obtain market values for the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, options contracts or futures contracts relating to the Share on any relevant Related Exchange;

which, in either of the above cases, the Calculation Agent determines is material and which occurs at any time during the one hour period that ends at the relevant Valuation Time; or

- (C) an Early Closure; or
- (D) any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms; or
- (E) any Emerging Market Disruption Event;

“**Maturity Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms or, if such day is not a Business Day, the next following Business Day;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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 2) System is open;

“**Reference Spot**” means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Related Exchange**” means, in respect of each Share, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“**Relevant Currency Exchange Rate**” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“**Relevant Number of Scheduled Trading Days**” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Residual Coupon Amount**” means the amount (if any) specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Scheduled Closing Time**” means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, any scheduled weekday closing time of such Exchange or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours;

“**Scheduled Fixing Date**” means, if applicable, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Fixing Date;

“**Scheduled Trading Day**” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective trading session hours;

“**Securities**” means each Series of the target coupon notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” means each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Share**” means each of the shares specified as such in the definition of the Basket or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4 and “**Shares**” shall be construed accordingly;

“**S_i**” means the price determined in respect of each Share on the dates specified as Si Dates in the definition of the relevant Series in the applicable Final Terms;

“**Share Company**” means, in relation to each Share, the share company specified as such in the definition of the Basket or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Target Coupon Level**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valid Fixing Date**” means, if applicable, a Scheduled Trading Day that is not a Disrupted Day and on which another Initial Fixing Date does not or is not deemed to occur with respect to a Share;

“**Valid Averaging Date**” means, if applicable, a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in relation to the relevant Valuation Date does not or is not deemed to occur;

“**Valuation Date**” means, subject to the occurrence of an Early Termination Event, the dates set out in the definition of the relevant Series in the applicable Final Terms, each being a Valuation Date, provided that, if any such date is not a Scheduled Trading Day in respect of all Shares, the Valuation Date shall be the immediately following day which is a Scheduled Trading Day in respect of all Shares; and

“**Valuation Time**” means close of trading on the relevant Exchange in relation to each Share.

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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents and will be transferable only in accordance with 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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, subject as provided below, on the Settlement Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Early Termination. If an Early Termination Event has occurred, 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.
- (d) Interest. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, the Holder is entitled to receive the amounts specified, on the dates specified, under Interest Entitlement in the definition of the relevant Series in the applicable Final Terms.
- (e) 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 or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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 any amount specified under Interest Entitlement in the definition of the relevant Series in the applicable Final Terms.
- (h) 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.

- (i) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (j) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (k) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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: (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or

dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue, (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares, (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, (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent, (iii) an extraordinary dividend, (iv) a call by the Share Company in respect of relevant Shares that are not fully paid, (v) a repurchase by the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise, (vi) with respect to the Share Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (as determined by the Calculation Agent) provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Share.

- (b) Merger Event, Hedging Disruption, Nationalisation, Insolvency, Insolvency Filing or Delisting. If a Merger Event (A) which is a Reverse Merger or (B) under which the consideration for the relevant Shares consists (or, at the option of the holder of such Shares, will consist) solely of New Shares, occurs in relation to a Share Company, the Calculation Agent shall make such adjustments to the terms and conditions of the Securities as it determines appropriate to account for the economic effect on the Securities of such Merger Event (provided that the Issuer may, but need not, determine the adjustment by reference to the adjustment in respect of such event made by an options exchange to options on the Shares traded on that options exchange) and determine the effective date of that adjustment. If the Calculation Agent determines that, as a result of the application of this provision, the number of different Shares in the Basket is reduced, Share Substitution will apply. Share Substitution shall also apply where a Merger Event other than those as set out in (A) and/or (B) of this Product Condition 4(b) occurs.

If any of Hedging Disruption, Nationalisation, Insolvency, Insolvency Filing or De-listing occurs in relation to a Share Company, Share Substitution shall apply.

“**De-listing**” means the Exchange announces that, pursuant to the rules of the Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Shares have been listed on an exchange or quotation system within the European Union, in any member state of the European Union).

“**Hedging Disruption**” means the inability of the Issuer to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to any Securities or (B) realise, recover or remit the proceeds of any such transaction or asset.

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

“**Insolvency Filing**” means (A) a Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, (B) a Share Company consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, (C) a petition is presented for the winding-up or liquidation of a Share Company by it or such regulator, supervisor or similar official or (D) a Share Company consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by such Share Company shall not be deemed to be an Insolvency Filing.

“**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as is determined by the Calculation Agent.

“**Merger Event**” means any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change to all of the outstanding Shares), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiary with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the holders of the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively owning less than 50 per cent. of the outstanding Shares immediately following such event (a “**Reverse Merger**”), in each case if the Merger Date is on or before the final Valuation Date.

“**Nationalisation**” means that all the Shares of a Share Company or all 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 or instrumentality thereof.

“**New Share**” means ordinary or common shares, whether of the entity or person (other than the Merger Company) involved in the Merger Event or a third party that are, or that as of the Merger Date are promptly scheduled to be, (i) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the Exchange and (ii) not subject to any currency exchange controls, trading restrictions or other trading limitations.

“**Share Substitution**” means on or after the relevant Merger Date or the date of the Nationalisation, Insolvency or Delisting or the date of the Insolvency Filing or Hedging Disruption (as the case may be), the Calculation Agent will adjust the Basket to include a share selected by it in good faith in accordance with the criteria for share selection set out below (the “**Substitute Shares**”) in place of the Shares which are affected by the Merger Event, Nationalisation, Insolvency, Delisting, Insolvency Filing or Hedging Disruption, and the Substitute Shares and their respective issuers will be deemed “**Shares**” and a “**Share Company**”, respectively, and the Calculation Agent will adjust any relevant terms and conditions hereunder accordingly, provided that (for the avoidance of doubt) the Initial Reference Spot of each Substitute Share will be determined in accordance with the formula set out as below:

$$\text{Initial Reference Spot} = A \times (B / C)$$

Where:

“A” is the official closing price of the relevant Substitute Share on the Substitution Date;

“B” is the Initial Reference Spot of the relevant affected Share; and

“C” is the official closing price of the relevant affected Share on the Substitution Date.

In order to be selected as Substitute Shares, the relevant shares shall (if practicable as selected by the Calculation Agent on a best efforts basis) meet all or some of the following criteria:

1. a share which is not already comprised in the Basket;
2. a share which belongs to a similar economic sector as the affected Share; and
3. a share which is of comparable market capitalisation, international standing and exposure as the affected Share.

After selecting each Substitute Share, the Calculation Agent will, as soon as reasonably practicable, notify the Holders in accordance with General Condition 4 of the occurrence of the relevant events and the identity of each affected share and the relevant adjustment to the Basket will be deemed to be effective as of the date selected by the Calculation Agent in its absolute discretion acting in good faith and in a commercially reasonable manner and specified in such notice (the “**Substitution Date**”) which may, but need not, be the day upon which the relevant event occurred.

“**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of a Share Company, as determined by the Calculation Agent, based upon the making of

filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

- (c) In the event that any price quoted on the Exchange and which is utilised for any calculation or determination made hereunder is subsequently corrected and quoted or published by the Exchange within two Scheduled Trading Days of the previously published or quoted price, to the extent that the Calculation Agent is aware of the same, the Calculation Agent will take into account such correction when determining the relevant Coupon Amount and, to the extent necessary, the Calculation Agent will adjust the terms and conditions of the Securities to account for such correction.
- (d) The Calculation Agent may make 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 by it 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 a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

**CONDITIONS: PRODUCT CONDITIONS
RELATING TO RATE NOTES**

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or a 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 formula specified in the definition of “Cash Amount” for the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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

- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“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 Terms” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“**Interest Rate**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Issuer Call**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“**Issuer Call Cash Amount**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Payment Day” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign 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 2) System is open;

“Pricing Date” means the date specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

“Reference Banks” means the entities specified as such in the definition of the relevant Series in the applicable Final Terms;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant

Currency and any other applicable 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;

“**Relevant Number of Days**” means the number of days, if any, specified as such in the definition of “**Underlying Rate**” for the relevant Series in the applicable Final Terms;

“**Screen Page**” means each page, if any, specified as such in the definition of “**Underlying Rate**” for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

“**Securities**” means each Series of the rate notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Underlying Rate**” means each rate specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) unless in the determination of the Calculation Agent, a Market Disruption Event has occurred, in which case the Underlying Rate shall be calculated in accordance with Product Condition 4; and

“**Valuation Time**” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document

issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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 Cash Amount, such redemption to occur on the Maturity Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.

- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the

Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 situation in which an Underlying Rate is not available on the relevant Screen Page, in which case the relevant rate shall be determined by the Calculation Agent on the basis of quotations for the relevant rate, or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify, provided by the Reference Banks at the Valuation Time for the relevant day. The Issuer will request the principal London office of each Reference Bank to provide a quotation of the relevant rate. The relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) if more than three quotations are provided. If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine the relevant Underlying Rate at its sole and absolute discretion, which determination may be delayed for up to 180 days following the occurrence of an Emerging Market Disruption Event.

- (b) The Calculation Agent may make 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 determination. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

**CONDITIONS: PRODUCT CONDITIONS
RELATING TO ZERO COUPON NOTES**

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or a 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 formula specified in the definition of “Cash Amount” for the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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**”);

“**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 Terms**” means the document containing the specific terms relating to the Securities;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Maturity Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Payment Day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign 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 2) System is open;

“**Securities**” means each Series of the zero coupon notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean each series of Securities set out in the applicable Final Terms; and

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms.

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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each

issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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 Cash Amount, such redemption to occur on the Maturity Date.
- (b) 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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 the Cash Amount.
- (d) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (e) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (f) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 should apply.

4. ADJUSTMENTS

The Calculation Agent may make 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 determination. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO CURRENCY EXCHANGE NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless specified otherwise in the applicable Final Terms, a day (other than a Saturday or a 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 formula specified in the definition of “Cash Amount” for the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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

- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“Exchange Rate” means each rate of exchange specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) or to such other sources as the Calculation Agent may reasonably determine to be appropriate;

“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 Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“**Interest Rate**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Issuer Call**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“**Issuer Call Cash Amount**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in

the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Payment Day” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealing in foreign exchange and foreign 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 2) System is open;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant

Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of “Exchange Rate” for the relevant Series in the applicable Final Terms;

“Screen Page” means each page, if any, specified as such in the definition of “Exchange Rate” for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

“Securities” means each Series of the currency exchange notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“Trading Day” means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Settlement Currency;

“Underlying Currency” means each currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Valuation Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms or, in the case of an Issuer Call, the date specified as such in the notice delivered in accordance with Product Condition 3, or if such day is not a Trading Day, 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 Valuation Date shall be the first 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 Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the relevant Exchange Rate(s) having regard to the then prevailing market conditions, the last reported rate(s) for the relevant Exchange Rate(s) and such other factors as the Calculation Agent determines to be relevant; and

“Valuation Time” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to

time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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 Cash Amount, such redemption to occur on the Maturity Date.
- (b) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.

- (h) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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.** If it becomes impossible to obtain any one or more Exchange Rates on the Valuation Date; 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 any one or more Exchange Rates through customary legal channels for conducting such conversion in the principal financial centre of an Underlying Currency or (ii) generally makes it impossible to deliver an Underlying Currency from accounts in the country

of the principal financial centre of that Underlying Currency to accounts outside such jurisdiction or the Settlement 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 an Underlying Currency; or
- (e) Illiquidity. Any impossibility in obtaining a firm quote for any one or more Exchange Rates or the Settlement Currency for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (f) Change in Law. A change in law in the country of the principal financial centre of an Underlying Currency which may affect the ownership in and/or the transferability of that Underlying Currency; or
- (g) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of an Underlying Currency; or
- (h) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of an Underlying Currency; or
- (i) 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 the Settlement Currency.

The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO YIELD DISCOVERY NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or

- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means, with respect to each Share, either the exchange or quotation system specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or, if none is so specified, the exchange on which the Share has its primary listing;

“**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 Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Initial Reference Price**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, in relation to each Share, an amount equal to the price of the Share quoted on the Exchange at the Valuation Time on the Pricing Date as determined by 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 relevant, subject to adjustment in accordance with Product Condition 4;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series or, in the event that any Valuation Date is delayed in relation to any of the Shares due to a Market Disruption Event, such later date being not more than four Business Days after the relevant Valuation Date as the Calculation Agent may in its sole and absolute discretion determine;

“**Interest Period**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“**Interest Rate**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

“Reference Price” means, in relation to each Share, an amount equal to the price of a Share quoted on the Exchange at the Valuation Time on the relevant Valuation Date as determined by 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 relevant;

“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;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means each Series of the yield discovery notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Share” means each share specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or, if none is so specified, each share within the Basket, subject to Product Condition 4, and **“Shares”** shall be construed accordingly;

“**Share Company**” means, with respect to each Share, the share company specified as such in the definition of Basket for the relevant Series in the applicable Final Terms or, if none is so specified, the issuer of the Share;

“**Standard Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**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 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 relation to each Share, each of the dates specified in the definition of the relevant Series in the applicable Final Terms or, if any 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 Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the 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 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable

Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “**Issuer Call**” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.

- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “**Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any 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.

- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the

only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 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) in the Shares on the Exchange or any other exchange on which the Shares are listed;
or
- (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares 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: (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 of the relevant Shares 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 (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 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

- (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 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 closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“Merger Event” means any (A) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of outstanding Shares; (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange 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); or (C) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of or an irrevocable commitment to transfer a majority of the voting power of the Share Company to 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 (A) all the Shares are required

to be transferred to a receiver, trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

- (d) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

**CONDITIONS: PRODUCT CONDITIONS
RELATING TO CERTIFICATE NOTES**

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “**Not Applicable**”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Certificate**” means the Certificate specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or

- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means, with respect to each Certificate, the exchange specified as such in the definition of “**Basket**” or specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange;

“**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, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to (i) the level of the Basket at the Valuation Time on the Valuation Date calculated as the sum of, for each Certificate, its Weight multiplied by the level of such Certificate at the Valuation Time on the Valuation Date, or (ii) for the relevant Series, if “**Basket**” is specified in the applicable Final Terms as being “**Not Applicable**”, the price of the Certificate, in each case quoted on the Exchange at the close of trading on the Valuation Date as determined by 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 closing price of the Basket or the Certificate, as applicable, on such date having regard to the then prevailing market conditions, the last reported trading price of the Certificate(s) on the Exchange and such other factors as the Calculation Agent determines relevant;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Initial Reference Price**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to (i) the level of the Basket at the Valuation Time on the Pricing Date calculated as the sum of, for each Certificate, its Weight multiplied by the level of such Certificate at the Valuation Time on the Pricing Date, or (ii) for the relevant Series, if “**Basket**” is specified in the applicable Final Terms as being “**Not Applicable**”, the price of the Certificate, in each case quoted on the Exchange at the close of trading on the Pricing Date as determined by 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 closing price of the Basket or the Certificate, as applicable, on such date having regard to the then prevailing market conditions, the last reported trading price of the Certificate(s) on the Exchange and such other factors as the Calculation Agent determines relevant;

“**Interest Amount**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“Interest Rate” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Participation” means the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, 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 Certificates are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Business Days” means the number of Business Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means each Series of the certificate notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each Series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the Maturity Date or if later, the Relevant Number of Business Days following the Valuation Date;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“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 or dates specified in the definition of the relevant Series in the applicable Final Terms 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 Relevant Number of 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 last day of the Relevant Number of Trading Days 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 Certificate(s) and such other factors as the Calculation Agent determines to be relevant;

“Valuation Time” means the close of trading on the relevant Exchange in relation to a Certificate or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4; and

“Weight” means, unless for the relevant Series **“Basket”** is specified in the applicable Final Terms as being **“Not Applicable”**, for each Certificate, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the

Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “**Issuer Call**” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.

- (h) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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) 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 (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) in the Certificates on the Exchange or any other exchange on which the Certificates are traded; or
 - (B) in 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
 - (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 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:
- (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 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) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means, unless for the relevant Series “**Basket**” is specified in the applicable Final Terms as being “**Not Applicable**”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or

- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means each exchange or quotation system from which each Index Sponsor takes the prices of the shares or other securities 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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the level of the Basket at the Valuation Time on the Valuation Date calculated as the sum of, for each Index, its Weight multiplied by the level of such Index at the Valuation Time on the Valuation Date or (ii) for the relevant Series, if “Basket” is specified in the applicable Final Terms as being “Not Applicable”, the level of the Index at the Valuation Time on the Valuation Date, all as determined by 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 official closing level of the Basket or the Index, as applicable, 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;

“Final Terms” means the document containing the specific terms relating to the Securities;

“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 Relevant Currency Exchange Rate;

“Index” means each index specified as such in the definition of Basket in the applicable Final Terms or, if for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable” the index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Index Sponsor” means the corporation or other entity that (i) 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 (ii) 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 in the applicable Final Terms, subject to Product Condition 4;

“Interest Amount” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“Interest Rate” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

“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;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means each Series of the index notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the Maturity Date or if later, the third Business Day following the Valuation Date;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark,

Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Trading Day**” means any day on which the Index Sponsor should calculate and publish the closing level of the relevant Index according to its rules;

“**Valuation Date**” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or if such day is not a Trading Day, the next succeeding Trading Day, 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 Relevant Number of 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 last day of the Relevant Number of Trading Days 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;

“**Valuation Time**” means the time with reference to which the Index Sponsor calculates the closing level of the relevant Index or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4; and

“**Weight**” means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, for each Index, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.

- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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) a general moratorium is declared in respect of banking activities in the country in which the 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 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 (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 (1), (2), (3) or (4) below.
- (1) If any 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 relevant Index, then (in either case) the relevant 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 any Index or in any other way materially modifies an 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 or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish any Index; then (in either case) the Calculation Agent shall determine the Final Reference Price using, in lieu of a published level for the relevant Index on the Valuation Date, the level for the relevant Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant 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, shall deem such modified Index to be the Index so calculated and announced or shall 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 relevant 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 relevant Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the Shares 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 of the Shares 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 of the Shares 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 of the Shares 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 of the Shares, 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; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.
- (4) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

- (c) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

**CONDITIONS: PRODUCT CONDITIONS
RELATING TO INFLATION INDEX NOTES**

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**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 Terms**” means the document containing the specific terms relating to the Securities;

“**Fixed Spread**” means the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Inflation Index**” means the inflation index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Inflation Index Level” means the non-revised level of the Inflation Index, as determined by the Calculation Agent in its sole and absolute discretion. Any revision or amendment to the Inflation Index Level after the initial publication thereof shall be disregarded for the purposes of determining the corresponding Interest Rate unless the Inflation Index is re-based as a result of such revision or amendment, in which case the definition shall be subject to such amendments as the Calculation Agent, acting in its sole and absolute discretion, considers appropriate to preserve the economic features of the Securities;

“Interest Amount” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, 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 _(N)” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, each relevant Interest Payment Date;

“Interest Payment Dates” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“Interest Rate” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in

accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4 and any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

“Securities” means each Series of the inflation index notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms; and

“Settlement Date” means the Maturity Date or if later, the third Business Day following the Valuation Date.

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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the

Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being applicable in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.

- (h) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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) a general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or (ii) the occurrence or existence during the one hour period that ends at the official close of trading on any relevant exchanges of any suspension of or limitation imposed on trading in relation to the relevant Inflation Index 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 exchanges or otherwise):
 - (A) on any relevant exchanges(s) in securities that comprise 20 per cent or more of the level of the relevant Inflation 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 Inflation Index is suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the Inflation Index shall be based on a comparison of (x) the portion of the level of the Inflation Index attributable to that security relative to (y) the overall level of the Inflation Index, in each case immediately before that suspension or limitation; or
 - (B) on any relevant exchange in any options contracts or futures contracts or other derivatives contracts relating to the relevant Inflation 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 Inflation 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 any Inflation Index is (A) not calculated and announced in its usual way but is calculated and published in a different way but a in a way acceptable to the Calculation Agent; or (B) replaced by a successor inflation 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 relevant Inflation Index, then (in either case) the relevant Inflation Index will be deemed to be the inflation index so calculated and announced by that successor inflation index, as the case may be.
 - (2) If (A) on or prior to the Interest Payment Date there is a material change in the formula for or the method of calculating any Inflation Index or in any other way an Inflation Index is materially modified (other than a modification prescribed in that formula or method to maintain the Inflation Index in the event of changes in constituent securities and other routine events); or (B) on the Interest Payment Date there is a failure to calculate and/or publish any Inflation Index; then (in either case) the Calculation Agent shall determine the Inflation Index Level using, in lieu of a published level for the relevant Inflation Index on the Interest Payment Date, the level for the relevant Inflation Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Inflation Index last in effect prior to the change or failure, but using only those securities that comprised the relevant Inflation Index immediately prior to the change or failure (other than those securities that have since ceased to be included in the Inflation Index) or, in the case of a material modification of the Inflation Index only, shall deem such modified Inflation Index to be the Inflation Index so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 4.
 - (3) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the relevant exchange.
- (c) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

**CONDITIONS: PRODUCT CONDITIONS
RELATING TO INFLATION INDEX NOTES II**

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index for the Valuation Month, published by the Index Sponsor, as determined by the Calculation Agent without regard to any subsequently published correction. Any revision or amendment to the level of the Index after the initial publication thereof shall be disregarded for the purposes of determining the corresponding Interest Rate unless the Index is re-based as a result of such revision or amendment, in which case the level of the Index shall be subject to such amendments as the Calculation Agent, acting in its sole and absolute discretion, considers appropriate to preserve the economic features of the

Securities. If, in the determination of the Calculation Agent, no such level can be determined (and no Market Disruption Event has occurred and is continuing), level of the Index shall be a level determined by the Calculation Agent as its good faith estimate of the level of the Index for the relevant Valuation Month having regard to the last published level of the Index and such other factors as the Calculation Agent determines relevant;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**Index**” means the index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Index Sponsor**” means the corporation or other entity that (i) 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 (ii) announces (directly or through an agent) the level of the relevant Index on a regular basis and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Interest Amount**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Market Disruption Event**” means each event specified as such in Product Condition 4 and any Additional Market Disruption Event specified in the definition of the relevant Series in the applicable Final Terms;

“**Maturity Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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 2) System is open;

“**Pricing Date**” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

“**Relevant Number of Months**” means the number of months specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Securities**” means each Series of the inflation index notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean each Series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the Maturity Date or such other date as specified in the definition of the relevant Series in the applicable Final Terms; and

“**Valuation Month**” means each month specified as such in the definition of the relevant Series in the applicable Final Terms unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred with respect to any month in which case that Valuation Month shall be the first succeeding calendar month for 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 Relevant Number of Months immediately following the original month which (but for the Market Disruption Event) would have been the Valuation Month. In that case (a) the last month of the Relevant Number of Months shall be deemed to be the Valuation Month (regardless of the Market Disruption Event) and (b) the Calculation Agent shall determine the level of the Index having regard to the then prevailing market conditions, the last published level of the Index and such other factors as the Calculation Agent determines to be relevant.

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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited

with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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 Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 amount is postponed due to a Market Disruption Event.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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 the Cash Amount or any Interest Amount.
- (f) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (g) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (h) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 Index Sponsor fails to calculate and announce the level of the Index.
- (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 in its usual way but is calculated and published in a different way but in a way 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 relevant Index, then (in either case) the relevant Index will be deemed to be the Index so calculated and announced by that successor index, as the case may be.
 - (2) If (A) on or prior to the Interest Payment Date there is a material change in the formula for or the method of calculating the Index or the Index Sponsor, 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 Interest Payment Date there is a failure to calculate and/or publish any Index; then (in either case) the Calculation Agent shall (a) determine the Final Reference Price using, in lieu of a published level for the Index, the level for the Index as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner or, (b) shall deem such modified Index to be the Index so calculated and announced or (c) shall terminate the Securities by giving notice in accordance with General Condition 4.
 - (3) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the relevant exchange.
- (c) The Calculation Agent may make 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. In making any

determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO CALLABLE INDEX NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Barrier Level**” means, if applicable, the level determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 in relation to the final Valuation Date an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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**”);

“**Early Redemption Amount**” means in relation to each Early Redemption Date, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Early Redemption Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Early Redemption Date**” means each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Early Redemption Event**” occurs as specified in the definition of the relevant Series in the applicable Final Terms, as determined by or on behalf of the Calculation Agent;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

- (x) 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;

“Exchange” means each exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities 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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Valuation Date as determined by 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 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;

“Final Terms” means the document containing the specific terms relating to the Securities;

“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 Relevant Currency Exchange Rate;

“Index” means the Index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Index Sponsor” means the corporation or other entity that (i) 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 (ii) 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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on the Pricing Date as determined by 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 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, subject to adjustment in accordance with Product Condition 4;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, 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 Index are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Relevant Percentage” means, if applicable, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Securities**” means each Series of the callable index notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**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 each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any 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 Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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:
- (i) If an Early Redemption Event has not occurred, the Cash Amount; or
 - (ii) If an Early Redemption Event has occurred, the Early Redemption 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) **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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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 the Cash Amount or the Early Redemption Amount.
- (e) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (f) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (g) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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) a general moratorium is declared in respect of banking activities in the country in which the 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 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 (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 (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 or prior to 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, shall deem such modified Index to be the Index so calculated and announced or shall 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 so to account for: (A) a distribution or dividend to existing holders of the Shares 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 of the Shares 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 of the Shares 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 of the Shares 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 of the Shares, 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; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.
- (4) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

- (c) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO AUTOCALLABLE INDEX NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Barrier Level**” means the level determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Business Day**” means, unless otherwise specified in the applicable Final Terms, 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 in relation to the final Valuation Date an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Early Redemption Amount**” means in relation to each Valuation Date other than the final Valuation Date, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Early Redemption Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Early Redemption Event**” occurs, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, when, in relation to any Valuation Date other than the final Valuation Date, the Final

Reference Price on such Valuation Date is greater than the Initial Reference Price, as determined by or on behalf of the Calculation Agent;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means each exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities 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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Valuation Date as determined by 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 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;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Index**” means the Index specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Index Sponsor**” means the corporation or other entity that (i) 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 (ii) 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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on the Pricing Date as determined by 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 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, subject to adjustment in accordance with Product Condition 4;

“**Interest Amount**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Market Disruption Event**” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“**Maturity Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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 2) System is open;

“**Pricing Date**” means the date specified as such in the applicable Final Terms, 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 Index are traded;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“**Relevant Currency Exchange Rate**” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“**Relevant Number of Trading Days**” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Relevant Percentage**” means, if applicable, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Securities**” means each Series of the autocallable index notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**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 each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any 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 Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depository for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each

issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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:
 - (i) If an Early Redemption Event has not occurred, the Cash Amount; or
 - (ii) If an Early Redemption Event has occurred, the Early Redemption Amount, such redemption to occur on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or after the Valuation Date in respect of which an Early Redemption Event occurs, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (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 the Cash Amount, any Interest Amount or the Early Redemption Amount.
- (f) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (g) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (h) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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) a general moratorium is declared in respect of banking activities in the country in which the 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 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 (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 (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 or prior to 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, shall deem such modified Index to be the Index so calculated and announced or shall 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 so to account for: (A) a distribution or dividend to existing holders of the Shares 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 of the Shares 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 of the Shares 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 of the Shares 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 of the Shares, 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; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.

(4) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(c) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO AUTOCALLABLE SHARE BASKET NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Barrier Level**” means the level determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Basket**” means the basket of shares specified as such in the definition of the Series in the applicable Final Terms subject to Product Condition 4;

“**Business Day**” means, unless otherwise specified in the applicable Final Terms, (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) if Physical Settlement is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, a day on which the Exchange is open for business;

“**Cash Amount**” means in relation to the final Valuation Date an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Cut-off Date**” means, if Physical Settlement is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, seven Business Days prior to the Settlement Date;

“Delivery Details” means, if Physical Settlement is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, 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, if Physical Settlement is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the fair market value of each 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;

“Early Redemption Amount” means in relation to each Valuation Date other than the final Valuation Date, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Early Redemption Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Early Redemption Event” occurs, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, when, in relation to any Valuation Date other than the final Valuation Date, the Final Reference Price on such Valuation Date is greater than the Initial Reference Price, as determined by or on behalf of the Calculation Agent;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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

- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means, with respect to each Share, each exchange or quotation system specified as such in the definition of Basket for the Series in the applicable Final Terms 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 (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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Share, an amount equal to the price of the Share on the Exchange at the Valuation Time on a Valuation Date as determined by or on behalf of the Calculation Agent provided that if, in the determination of the Calculation Agent, no such value can be determined and no Market Disruption Event has occurred and is continuing, Final Reference Price means a value determined by the Calculation

Agent as its good faith estimate of the price of the Share at such time 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, subject to adjustment in accordance with Product Condition 4;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Initial Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Share, an amount equal to the price of the Share on the Exchange at the Valuation Time on the Pricing Date, as determined by or on behalf of the Calculation Agent provided that if, in the determination of the Calculation Agent, no such value can be determined and no Market Disruption Event has occurred and is continuing, Initial Reference Price means a value determined by the Calculation Agent as its good faith estimate of the price of the Share at such time 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, subject to adjustment in accordance with Product Condition 4;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Least Performing Share**” means, if applicable, and the Share that performed the least well compared to the other Shares in the Basket according to the following formula:

$$\text{Final Reference Price} / \text{Initial Reference Price}$$

For the avoidance of doubt, the Least Performing Share may be a Share subject to a De-listing or a Share of a Share Company which is subject to Insolvency or Nationalisation. Where more than one Share is described as the Least Performing Share, the Issuer shall select one such Share as the Least Performing Share in its sole and absolute discretion. Notice to the Holders shall be delivered in accordance with General Condition 4;

“**Market Disruption Event**” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“**Maturity Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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 2) System is open;

“**Pricing Date**” means the date specified in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

“**Reference Price**” means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Relevant Percentage” means, if applicable, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means the autocallable share basket notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Disruption Event” means, if Physical Settlement is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, 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 each of the shares specified as such in the definition of Basket in the applicable Final Terms, subject to Product Condition 4, and **“Shares”** shall be construed accordingly;

“Share Amount” means, if Physical Settlement is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in the determination of the Issuer, for each Nominal Amount, a number of Least Performing Shares determined by the Calculation Agent as being the Nominal Amount divided by the Initial Reference Price of the Least Performing Share. If the Share Amount is an amount comprising a fraction of any Least Performing Shares, the Holders will receive a Share Amount comprising of the nearest whole number (rounded down) of Least Performing 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 Amount), and an amount in the Settlement Currency equal to the value of the outstanding undelivered fraction of such Least Performing Share, as calculated by the Calculation Agent on the basis of the Final Reference Price of the Least Performing Share converted into the Settlement Currency at the prevailing Exchange Rate, unless the Calculation Agent determines that there is a Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date for the purposes of calculating the value of any outstanding undelivered fraction of the Least

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

“**Share Company**” means, in relation to each Share, the share company specified as such in the definition of Basket in the applicable Final Terms, subject to Product Condition 4;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**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 each currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valuation Date**” means each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any 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 Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days 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;

“**Valuation Time**” means the close of trading on the relevant Exchange in relation to a Share or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4; and

“**Weighting**” means, in relation to each Share, the number specified as such in the definition of Basket in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited

with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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:
- (i) If an Early Redemption Event has not occurred, the Cash Amount otherwise if Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Share Amount; or
 - (ii) If an Early Redemption Event has occurred, the Early Redemption Amount,
- such redemption to occur on the Settlement Date.

- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or after the Valuation Date in respect of which an Early Redemption Event occurs, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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 the Cash Amount, Early Redemption Amount, any Interest Amount, the Share Amount, any Realised Share Amount or the Disruption Cash Settlement Price, in each case, if applicable.

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.

- (f) Notice. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and 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 receipt 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:

- (i) specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;
- (ii) 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;

- (iii) 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;
 - (iv) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “**U.S. person**” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;
 - (v) 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 (iii) above or make a deduction from any cheque; and
 - (vi) specify the Delivery Details.
- (g) Late Delivery of Notice. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and 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 Settlement Date (the date of delivery in relation to a Share Amount whether on or after the Settlement 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 Settlement 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 Settlement 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.

- (h) Verification. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of any Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (i) Delivery of the Share Amount. Subject as provided in the Conditions, if Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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. Where an amount equal to the value of the outstanding undelivered fraction of the Shares is payable but the Valuation Date for calculating such amount has been delayed due to a Market Disruption Event, then such amount will be payable three Business Days after the Valuation Date used for the purposes of calculating such amount.
- (j) Determinations. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 or the Swiss 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.

- (k) Intervening Period. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and redemption of a Security is to be by delivery of the Share Amount, for such period of time after the Settlement 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 of such Shares 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.
- (l) Dividends. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 Settlement 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 Notice.
- (m) Settlement Disruption. If Physical Settlement is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and the Securities are to settle by delivery of the Share Amount 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 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.
- (n) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.

- (o) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (p) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed;
or
 - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares 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 of the relevant Shares 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 the 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 closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“**Merger Event**” means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange 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) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the relevant 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 may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO AUTOCALLABLE REFERENCE RATE NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Barrier Level**” means the level determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Business Day**” means, unless otherwise specified in the applicable Final Terms, 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 in relation to the final Valuation Date an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Early Redemption Amount**” means in relation to each Valuation Date other than the final Valuation Date, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Early Redemption Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Early Redemption Event**” occurs, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, when, in relation to any Valuation Date other than the final Valuation Date, the Final

Reference Price on such Valuation Date is greater than the Initial Reference Price, as determined by or on behalf of the Calculation Agent;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Reference Rate at the Valuation Time on a Valuation Date as determined by the Calculation Agent by reference to information published on the Reference Rate Screen Page without regard to any subsequently published correction provided that if, in the determination of the Calculation Agent, a Market Disruption Event has occurred on the relevant Valuation Date, then the Final Reference Price will be the Reference Rate as determined by the Calculation Agent in accordance with Product Condition 4;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Initial Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Reference Rate at the Valuation Time on the Pricing Date as determined by the Calculation Agent by reference to information published on the Reference Rate Screen Page without regard to any subsequently published correction provided that if, in the determination of the Calculation Agent, a Market Disruption Event has occurred on the Pricing Date, then the Initial Reference Price will be the Reference Rate as determined by the Calculation Agent in accordance with Product Condition 4;

“**Interest Amount**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Market Disruption Event**” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“**Maturity Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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 2) System is open;

“**Pricing Date**” means the date specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

“**Reference Rate**” means the reference rate specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Relevant Percentage” means, if applicable, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

“Reference Banks” means five leading dealers in the London interbank market which ordinarily provide quotations for the Reference Rate or any other rate requested by the Calculation Agent pursuant to Condition 4, as selected by the Issuer in its absolute discretion;

“Reference Rate Screen Page” means the page specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means each Series of the autocallable reference rate notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“Trading Day” means a day that is (or but for the occurrence of a Market Disruption Event, would have been) a day on which commercial banks and foreign exchange markets settle payments in London;

“Valuation Date” means each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any 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 Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case the last day of

the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and

“**Valuation Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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:
 - (i) If an Early Redemption Event has not occurred, the Cash Amount; or
 - (ii) If an Early Redemption Event has occurred, the Early Redemption Amount, such redemption to occur on the Settlement Date.
- (b) Interest Amount. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or after the Valuation Date in respect of which an Early Redemption Event occurs, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (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 either (a) if “**Modified Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “**Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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 the Cash Amount, any Interest Amount or the Early Redemption Amount.
- (f) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.

- (g) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (h) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 situation in which the Reference Rate is not available on the Reference Rate Screen Page, in which case the relevant rate shall be determined by the Calculation Agent, on the basis of quotations for the relevant rate or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify provided by the Reference Banks at the Valuation Time for the relevant Trading Day. The Issuer will request the principal London office of each of the Reference Banks to provide a quotation of the relevant rate. The relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) if more than three quotations are provided. If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine the Reference Rate at its sole and absolute discretion.

- (b) The Calculation Agent may make 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 determination. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SHARE NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “**Not Applicable**”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless otherwise specified in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or

- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means, with respect to each Share, the exchange or quotation system specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms 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;

“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 Averaging Dates” means, unless for the relevant Series “Final Averaging Dates” is specified in the applicable Final Terms as being “Not Applicable”, in relation to each Share, each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms, unless in the determination of the Calculation Agent a Market Disruption Event has occurred on any such day, in which case such Final Averaging Date shall be the first succeeding Valid Averaging Date 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 Specified Valid Averaging Dates immediately following the original date which (but for the Market Disruption Event) would have been a Final Averaging Date. In that case (i) the last Specified Valid Averaging Date shall be deemed to be the Final Averaging Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the price of the Share for such Final Averaging 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;

“Final Reference Price” means, unless for the relevant Series “Final Reference Price” is specified in the applicable Final Terms as being “Not Applicable”, the price determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“Final Terms” means the document containing the specific terms relating to the Securities;

“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 Relevant Currency Exchange Rate;

“Initial Averaging Dates” means, unless for the relevant Series **“Initial Averaging Dates” is specified in the applicable Final Terms as being “Not Applicable”, in relation** to each Share, each of the dates specified as such in the definition of the relevant Series in the applicable Final Terms, unless in the determination of the Calculation Agent a Market Disruption Event has occurred on any such day, in which case such Initial Averaging Date shall be the first succeeding Valid Averaging Date 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 Specified Valid Averaging Dates immediately following the original date which (but for the Market Disruption Event) would have been an Initial Averaging Date. In that case (i) the last Specified Valid Averaging Date shall be deemed to be the Initial Averaging Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the price of the Share for such Initial

Averaging 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;

“Initial Reference Price” means, unless for the relevant Series “Initial Reference Price” is specified in the applicable Final Terms as not applicable, the price specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“Interest Amount” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“Interest Rate” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date specified as such in the applicable Final Terms, 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;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant

Currency and any other applicable 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;

“**Securities**” means each Series of the share notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” means each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Share**” means each of the shares specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4 and “**Shares**” shall be construed accordingly;

“**Share Company**” means, in relation to each Share, the share company specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Specified Trading Days**” means the number of Trading Days specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Specified Valid Averaging Dates**” means the number of Valid Averaging Dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**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, in relation to each Share, the currency specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valid Averaging Date**” means a Trading Day which is not an Initial Averaging Date or a Final Averaging Date;

“**Valuation Date**” means, unless for the relevant Series “Valuation Date” is specified in the applicable Final Terms as being “Not Applicable”, the date specified as such in the definition of the relevant Series in the applicable Final Terms, 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 Specified Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case the last Specified Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event);

“**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; and

“**Weight**” means, if applicable, in relation to each Share, the percentage specified as such in the definition of Basket in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the

Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any 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.

- (g) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):

- (A) in the Shares on the Exchange or any other exchange on which the Shares are listed;
- or

- (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares 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 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 the 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 closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“**Merger Event**” means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange 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); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the Issuer Call Date or Valuation Date, as applicable.

“**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 may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SINGLE STOCK EXCHANGEABLE NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless otherwise specified in the applicable Final Terms, (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) a day on which the Exchange is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. 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;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**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 the fair market value of the 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;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

- (x) 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;

“Exchange” means the exchange or quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

“Exchange Date” means the date of valid delivery of the Notice pursuant to the Holder’s Optional Exchange Right;

“Exchange Period” means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Exchange Price” means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

“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;

“Exchange Time” means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

“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, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the price of the Share on the Exchange 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 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;

“Final Terms” means the document containing the specific terms relating to the Securities;

“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 Relevant Currency Exchange Rate;

“Holder” has the meaning set out in Product Condition 2;

“Interest Amount” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(d);

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(d) and, if any 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 Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event) and (b) the Calculation Agent shall determine 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;

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Optional Exchange Right” means the right of the Holder to exchange any Security, in whole but not in part, for the Share Amount in accordance with Product Condition 3(e);

“Optional Exchange Right Notice Period” means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date (if any) specified as such in the applicable Final Terms, 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 Share are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means each Series of the single stock exchangeable securities specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” means each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 in the applicable Final Terms, subject to Product Condition 4;

“Share Amount” means for each Nominal Amount the number of Shares specified in the definition of the relevant Series in the applicable Final Terms, subject to any adjustment in accordance with Product Condition 4. If the Share Amount is an amount comprising a fraction of any Share, the Holder will receive a Share Amount comprising 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 Amount) and an amount equal to the value of the outstanding undelivered fraction of such Share, as calculated by the Calculation Agent on the basis of the price of the Share on the Exchange at the Valuation Time on the Valuation Date, Issuer Call Date or Exchange Date, as the case may be, (each a **“Relevant Date”**) converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is specified, unless the Calculation Agent determines that there is a Market Disruption Event occurring on the Relevant Date and each of the Relevant Number of Trading Days immediately following the Relevant Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Relevant Date for the purposes of calculating the value of any outstanding undelivered fraction of the Share (regardless of the Market Disruption Event) and (ii) the Calculation Agent shall determine such value having regard to the then prevailing market conditions, the last reported trading price for the Share on the Exchange and such other factors as the Calculation Agent determines to be relevant;

“Share Company” means the company specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**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 or any 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 in the applicable Final Terms;

“**Valuation Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms 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 Relevant Number of 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 last day of the Relevant Number of Trading Days 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 Exchange publishes the official closing price of 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable

Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously exchanged, redeemed or purchased and cancelled and subject as provided by the Conditions and in the case of an Issuer Call (if applicable), each Security will be redeemed in respect of each Nominal Amount at:
- (i) the Cash Amount, on the Maturity Date;
 - (ii) by delivery of the Share Amount, in the event of there being an Optional Exchange Right;
 - (iii) if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer Call Cash Amount in the event of there being an Issuer Call and the Issuer Call Cash Amount Condition specified in the definition of the relevant Series in the applicable Final Terms is satisfied; or
 - (iv) if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, by delivery of the Share Amount in the event of there being an Issuer Call and the Issuer Call Share Amount Condition specified in the definition of the relevant Series in the applicable Final Terms is satisfied,

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

- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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. In respect of each Security, 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, no further Interest Amount shall be paid and any accrued unpaid Interest Amount shall be exchanged as provided in Product Condition 3(e).
- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest (A) from and including the due date for redemption, or (B) if a Notice is delivered, from and including the last day of the immediately preceding Interest Period. No interest shall accrue after the Maturity Date or any earlier date, as the case may be, in the event that payment of any amount, or delivery of any Share Amount or payment of any fraction of a Share, is postponed due to the occurrence of a Settlement Disruption Event or a Market Disruption Event. Further, no Interest Amount will be paid in respect of the Interest Period in which the Exchange Date or, if applicable, the Issuer Call Date falls.
- (d) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may terminate the Securities, in whole or in part, on any Business Day by giving Holders at least the Issuer Call Notice Period 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.
- (e) Optional Exchange Right. Subject to an Issuer Call (if applicable), the Holder is entitled to exercise the Optional Exchange Right on any Business Day during the Exchange Period by giving at least the Optional Exchange Right Notice Period notice and by delivery of a valid Notice by the Exchange Time in accordance with Product Condition 3(h) at the specified office of any Agent. 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 Share Amount on the Settlement Date.

In the event that the Holder does not hold an account with the Exchange on the Settlement Date, the Issuer shall use reasonable endeavours to sell the Share Amount on behalf of the Holder and pay the resultant proceeds of sale less Expenses to the Holder in such manner as it shall determine in its sole discretion.

- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the

definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (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, any Issuer Call Amount, any Interest Amount, the Share Amount or the 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.
- (h) Notice. Pursuant to Condition 3(e), to exercise the Optional Exchange Right, the relevant Holder must deliver to the Clearing Agent with a copy to the Principal Agent, a notice in the form obtainable from the Agents (the “**Notice**”). No Notice may be withdrawn after receipt of it by a Clearing Agent or the Principal Agent. After delivery of a Notice, Securities which are the subject of such Notice may not be transferred.

The Notice shall:

- (i) be dated and shall specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;
- (ii) specify the number of the account with the Clearing Agent to be debited with such Securities and instruct the Clearing Agent to debit such account on such date;
- (iii) specify the number of the account with the Clearing Agent to be credited with any Disruption Cash Settlement Price;
- (iv) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (G) any other “**U.S. person**” as such term may be defined in Regulation S under the United States

Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;

- (v) include an undertaking to pay all Expenses and an irrevocable authority to the Clearing Agent to debit a specified account with the Clearing Agent in respect thereof or, as the case may be, to make a deduction from any amount payable; and
 - (vi) specify the Delivery Details.
- (i) **Late Delivery of Notice.** Any Notice to exercise the Optional Exchange Right delivered after the Exchange Time in the place of receipt on any Trading Day during the Exchange Period or on a day which is not a Trading Day will be deemed exercised on the following Trading Day during the Exchange Period. Any Notice delivered outside the Exchange Period shall be null and void. 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 late.
 - (j) **Verification.** In respect of any Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case 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 Share 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 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 or the Swiss 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) **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 Share 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 Share, (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 Share 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 Share during such Intervening Period.

- (n) 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 Exchange Date or Issuer Call Date, as applicable, 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 Notice.
- (o) Settlement Disruption. If the Securities are to settle by delivery of the Share Amount and prior to the delivery of the Share Amount in respect thereof, in the opinion 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.
- (p) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (q) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (r) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed;
or
 - (B) in 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 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 closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“Merger Event” means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange 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); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting

power of the Share Company to 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 may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO SINGLE STOCK EXCHANGEABLE NOTES (INTO CASH)

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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, unless otherwise specified in the applicable Final Terms, (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) a day on which the Exchange is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. 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;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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**”);

“**Conversion Amount**” means an amount determined by the Calculation Agent in accordance with the formula specified in the definition of Conversion Amount for the relevant Series in the applicable Final Terms, less Expenses. The Conversion Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Conversion Time**” means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Coupon**” means an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Early Termination Date**” means the date of valid delivery of the relevant notice pursuant to Holder Early Termination;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** 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
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) **Illiquidity.** It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) **Change in Law.** A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) **Imposition of Tax/Levy.** The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) **Unavailability of Settlement Currency.** The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the

Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

- (x) 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;

“**Exchange**” means the exchange or quotation system specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system;

“**Exchange Period**” means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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;

“**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, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the price of the Share on the Exchange 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 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;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Holder**” has the meaning set out in Product Condition 2;

“**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;

“**Initial Reference Price**” means the price specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(d);

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(d) and, if any 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 Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event) and (b) the Calculation Agent shall determine 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;

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Optional Exchange Right Notice Period” means the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date (if any) specified as such in the applicable Final Terms, 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 Share are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant

Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means each Series of the single stock exchangeable securities (into cash) specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” means each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Share” means the share specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Share Company” means the company specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“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 or any 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 in the applicable Final Terms;

“Valuation Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms 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 Relevant Number of 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 last day of the Relevant Number of Trading Days 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 Exchange publishes the official closing price of 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) Redemption on the Settlement Date. Unless previously exchanged, redeemed or purchased and cancelled and subject as provided by the Conditions and in the case of an Issuer Call (if applicable), each Security will be redeemed in respect of each Nominal Amount at:
- (i) the Conversion Amount in the event of there being a Holder Early Termination;
 - (ii) if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer Call Cash Amount in the event of there being an Issuer Call; or
 - (iii) otherwise the Cash Amount,
- such redemption to occur, subject as provided below, on the Settlement Date.
- (b) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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. In respect of each Security, 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, no further Interest Amount shall be paid.
- (c) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest (A) from and including the due date for redemption or (B) if a Notice is delivered, from and including the last day of the immediately preceding Interest Period. No interest shall accrue after the Maturity Date or any earlier date, as the case may be, in the event that payment of any amount is postponed due to the occurrence of a Market Disruption Event. Further, no Interest Amount will be paid in respect of the Interest Period in which the Early Termination Date or, if applicable, the Issuer Call Date falls.
- (d) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may terminate the Securities, in whole or in part, on any Business Day by giving Holders at least the Issuer Call Notice Period 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.
- (e) Holder Early Termination. Subject to an Issuer Call (if applicable), the Holder may terminate the Securities held by it in whole or in part at any time on any Trading Day during the Exchange Period by giving at least the Optional Exchange Right Notice Period notice and delivery of a valid Notice by the Conversion Time in accordance with Product Condition 3(h) at the specified office of any Agent.

Upon any such Holder Early Termination, the right of the Holder to receive the Cash Amount and any Interest Amount not yet paid shall be extinguished and the Issuer shall, except as otherwise provided in these Conditions, deliver the Conversion Amount on the Settlement Date.

- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, the Conversion Amount, the Issuer Call Cash Amount or any Interest Amount.
- (h) **Notice.** Pursuant to Condition 3(e), to effect a Holder Early Termination, the relevant Holder must deliver to the Clearing Agent with a copy to the Principal Agent, a notice in the form obtainable from the Agents (the “**Notice**”). No Notice may be withdrawn after receipt of it by a Clearing Agent or the Principal Agent. After delivery of a Notice, Securities which are the subject of such Notice may not be transferred.

The Notice shall:

- (i) be dated and shall specify the aggregate Nominal Amount of the Securities which are the subject of such Notice;
- (ii) specify the number of the account with the Clearing Agent to be debited with such Securities and instruct the Clearing Agent to debit such account on such date;
- (iii) specify the number of the account with the Clearing Agent to be credited with the Conversion Amount of such Securities;
- (iv) certify that neither the person delivering the Notice nor any person on whose behalf the Notice is being delivered is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for

passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (G) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (v) include an undertaking to pay all Expenses and irrevocable authority to the Clearing Agent to debit a specified account with the Clearing Agent in respect thereof or, as the case may be, to make a deduction from any amount payable.
- (i) Late Delivery of Notice. Any Notice to effect a Holder Early Termination delivered after the Conversion Time in the place of receipt on any Trading Day during the Exchange Period or on a day which is not a Trading Day will be deemed exercised on the following Trading Day during the Exchange Period. Any Notice delivered outside the Exchange Period shall be null and void. For the avoidance of doubt, no holder of Securities or any other period shall be entitled to any payment, whether of interest or otherwise, by reason of such Notice (or the copy thereof) being delivered late.
- (j) Verification. In respect of any Notice, the relevant Holder must provide evidence to the Principal Agent or the Swiss Agent, in either case reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (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 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 or the Swiss 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.
- (l) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.

- (m) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (n) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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 (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed;
or
 - (B) in 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 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 closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“Merger Event” means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation,

amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange 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); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to 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 may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO MULTI-ASSET BASKET LINKED NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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

“**Additional Disruption Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Additional Fund Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Agent**” means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means, unless for the relevant Series “**Basket**” is specified in the applicable Final Terms as being “**Not Applicable**”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Best Performing Reference Asset**” means, unless specified otherwise in the applicable Final Terms, on each anniversary of the Issue Date, the Reference Asset that performed the best compared to the other Reference Asset in the Basket according to the formula as specified in the Final Terms;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“Disruption Event” means each event specified as such in Product Condition 4 and any Emerging Market Disruption Event;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means in respect of each Fund that is an exchange traded fund, each exchange or quotation system specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to that 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 Value**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of each Reference Asset as quoted by the fund manager of the Reference Asset or, where such Fund is an exchange traded fund, the trading price of the Fund Reference Asset quoted on the Exchange, in each case for each 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 or NAV can be determined and no Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its good faith estimate of the NAV of the Reference Asset or, where such Fund is an exchange traded fund, the trading price of the Fund Reference Asset on the Exchange, in each case for such date having regard to the then prevailing market conditions, the last reported NAV or price of the Reference Asset or, where such Fund is an exchange traded fund, the last reported trading price of the Fund Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**Fund**” means each fund (including exchange traded funds) specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Fund Administrator**” means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

“**Fund Adviser**” means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

“**Fund Documents**” means, with respect to any Fund or Fund Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Fund Reference Asset specifying the terms and conditions relating to such Fund or Fund Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

“**Fund Event**” means each event specified as such in Product Condition 4(d) and any Additional Fund Event specified in the definition of the relevant Series in the applicable Final Terms;

“**Fund Prospectus**” means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

“**Fund Reference Asset**” means the relevant interests in each Fund or if the Fund is an exchange traded fund the relevant interests specified as “Fund Reference Assets” in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Fund Service Provider**” means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

“**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 Relevant Currency Exchange Rate;

“**Hedging Agreement**” means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

“**Inclusion Date**” means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

“**Index**” means each index specified as such in the definition of the Basket in the applicable Final Terms, subject to Product Condition 4;

“**Index Sponsor**” means, in relation to each Index, the sponsor specified as such in the definition of the Basket in the applicable Final Terms and shall include any successor index sponsor pursuant to Product Condition 4;

“**Initial Reference Value**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Initial Reference Values**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Interest Amount**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“Interest Rate” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date 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 Issuer or the Calculation Agent on its behalf either:

- (i) a Disruption Event has occurred on that day with respect to any Reference Asset in which case the Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Disruption Event, unless the Issuer or the Calculation Agent on its behalf determines that there is a Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Disruption Event) would have been the Issuer Call Date. In that case (a) the last day of the Relevant Number of

Trading Days shall be deemed to be the Issuer Call Date (regardless of the Disruption Event); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Reference Asset and such other factors as the Issuer or the Calculation Agent on its behalf deems relevant; or

- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(e) shall apply and the Issuer Call Date shall be adjusted accordingly;

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Merger Event” means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

“NAV” means net asset value;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Portfolio Guidelines” means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculation Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculation Agent on its behalf, circumstances so require;

“Reference Asset” means each Fund or Index, as the case may be, and **“Reference Assets”** means each or all of the Funds and Index’s as the case may be;

“Reference Asset Currency” means, in relation to each Index in the applicable Final Terms, the currency specified as such in the definition of the Basket;

“Reference Asset Exchange Rate” means, in relation to each Reference Asset and where applicable, the rate of exchange between the relevant Reference Asset Currency and the Settlement Currency taken from Reuters page WX+ or as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonable determine to be appropriate at such time;

“Reference Banks” means the entities, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Related Exchange” means in respect of each Index, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Index are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of Underlying Rate for the relevant Series in the applicable Final Terms;

“Relevant Party” means each of the Fund and the Fund Adviser;

“Replacement Fund” means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with Product Condition 4(e)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

“Re-Weighting” means with respect to each Index, if **“Re-weighting”** is specified as being **“Applicable”** in the applicable Final terms, the percentage specified as such in the definition of the relevant Series in the applicable Final Terms;

“Screen Page” means each page, if any, specified as such in the definition of Underlying Rate for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

“Securities” means each Series of the notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“Substitution Date” means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund;

“Trading Day” means such days as specified in the definition of the relevant Series in the applicable Final Terms;

“Underlying Rate” means each rate, if any, specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) unless in the determination of the Calculation Agent, a Market Disruption Event has occurred, in which case the underlying rate shall be calculated in accordance with Product Condition 4;

“Valuation Date” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (i) a Disruption Event has occurred on that day with respect to any Reference Asset, in which case the Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Disruption Event, unless the Issuer or the Calculation Agent on its behalf determines that there is a Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Disruption Event) would have been a Valuation Date. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Disruption Event); and (b) the Issuer or

the Calculation Agent on its behalf shall determine the Cash Amount having regard to the then prevailing market conditions, the last reported NAV or price trading price of the Reference Asset or, where the Reference Asset is an exchange traded fund, the last reported trading price of the Fund Reference Asset on the Exchange and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or

- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(e) shall apply and the Valuation Date shall be adjusted accordingly;

“**Valuation Time**” means, in relation to the Underlying Rate, at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select and notify to Holders in accordance with General Condition 4; and

“**Weight**” means, unless for the relevant Series “Basket” is specified in the applicable Final Terms as being “Not Applicable”, for each Reference Asset, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each

issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next

following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4 ADJUSTMENTS

- (a) Disruption Event. Following a Disruption Event, the Calculation Agent will determine the effect of such 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 Cash Amount, the Issuer Call Cash Amount or any Interest Amount or making the appropriate adjustment to the calculation of the Cash Amount or any Interest Amount, all in the determination of the Calculation Agent.

“**Disruption Event**” means:

- (i) a Market Disruption Event; or
- (ii) an Index Adjustment Event; or

- (iii) an Additional Disruption Event.
- (b) **Market Disruption.** The Issuer or the Calculation Agent on its behalf 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.

In this Product Condition 4(b), “**Market Disruption Event**” means

- (i) In respect of the Index, (i) a general moratorium is declared in respect of banking activities in the country in which the Exchange or 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 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 (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.

- (ii) In respect of the Strategy:
 - (A) **Price Source Disruption.** The failure by the Index Sponsor to announce or publish the price for the relevant Strategy Component (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Index Sponsor; or
 - (B) **Trading Suspension.** The material suspension of trading on any Exchange or any Related Exchange; or
 - (C) **Disappearance of Price.** The failure of trading to commence, or the permanent discontinuation of trading of each relevant Strategy Component on the relevant 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 each Strategy Component; or
 - (E) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of each Strategy Component; or
 - (F) De Minimis Trading. The number of contracts traded on the relevant Exchange with respect to each Strategy Component is such that the Issuer declares that its ability to enter into hedging transactions with respect to the relevant Strategy Component has been impaired due to a lack of, or, a material reduction in, trading in the relevant Strategy Component on the relevant 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 relevant Strategy Component (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 relevant Strategy Component 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 relevant Strategy Component 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.
- (c) Index Adjustment Event. The Issuer or the Calculation Agent on its behalf 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 used 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 or, if applicable, 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 or prior to the Valuation Date or, if applicable, the Issuer Call Date, as the case may be, 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 Value using, in lieu of a published level(s) for the Index on the Valuation Date or, if applicable, the 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 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 shall 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 (I) 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 so to account for. (A) (i) a distribution or dividend to existing holders of 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 other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (C) a free distribution or dividend of any Shares to existing holders of the Shares by way of bonus, capitalisation or similar issue; (D) an extraordinary dividend; (E) any cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (F) any non-cash dividends declared on the Shares at a time when the relevant issuer of the Shares has not previously declared or paid dividends on such Shares for the prior four quarterly periods; (G) 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 of the Shares, 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 or the Issuer Call Date, if applicable; (H) 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; (I) 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.

(i), (ii) and (iv) above shall apply in the same context to the Strategy.

- (d) Fund Events. Each of the following events constitutes a “**Fund Event**”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Fund Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Fund Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.

(i) Global Events:

- (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund’s portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Fund Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.

- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Fund Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (I) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or

insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in Product Condition 4(d)(i)(E)(c)(I) above and in the case of this Product Condition 4(d)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in Product Conditions 4(d)(i)(E)(a) through 4(d)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (I) In respect of any Fund Reference Assets, any fraudulent or negligent entry is made on the register of such Fund Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Fund Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.
- (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the

Fund or the Fund Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Fund Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Fund Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Fund Reference Assets held by them.

- (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
- (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.

(ii) NAV/Price and Reporting:

- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Fund Reference Assets on the Exchange.
- (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.
- (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be

published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.

- (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
- (E) (i) In respect of any Fund Reference Asset, the occurrence of any event affecting such Fund Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Fund Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Fund Reference Assets).

- (iii) Fund Reference Assets:

Any of the following events relating to the Fund Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Fund Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Fund Reference Assets;
 - (B) a portion of each Fund Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of “side-pocket” which affects the Fund Reference Assets;
 - (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Fund Reference Assets, capital, securities, rights or other assets or interests to existing holders of Fund Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Fund Reference Assets;
 - (D) any suspension or limitation on the trading of the relevant currencies in which the Fund Reference Assets are denominated or any amendment to the currency of denomination of the Fund Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund; or
- (iv) Trading and Fees:
- (A) In respect of the Fund Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Fund Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Fund Reference Assets as of such date).
 - (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Fund Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Fund Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.
 - (C) The frequency at which Fund Reference Assets can be traded is amended or the timing for subscription or redemption of Fund Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
 - (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Fund Reference Assets or is entitled to any other amount and:

(I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or

(II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,

or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Fund Reference Assets or be entitled to actual payment of any such other amount.

(v) Fund Adviser and Fund Service Provider Failures:

(A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.

(B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.

(C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.

(D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Fund Reference Assets.

(vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in sub-paragraphs (i) to (v) above.

(e) Consequences of a Fund Event.

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “**Permitted Action**”):

- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or
- (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or
- (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Fund Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Fund Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this Product Condition 4(e)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "**Suspension Asset**").

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(d), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.

(f) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Fund Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Fund Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.
- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.
- (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising. The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO MULTI-ASSET BASKET LINKED NOTES II

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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

“**Additional Fund Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Additional Market Disruption Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Agent**” means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Basket Constituent**” means each Share, Fund (including, where the Fund is an exchange traded fund, the Reference Asset), Index Future or Index, as the case may be, specified as such in the definition of Basket, and “**Basket Constituents**” means each or all of the Shares, Funds (including, where the Fund is an exchange traded fund, the Reference Assets), Index Futures and Indexes as the case may be;

“**Basket Constituent Currency**” means, in relation to each Basket Constituent in the applicable Final Terms, the currency specified as such in the definition of the Basket;

“**Basket Return**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount calculated in accordance with the following formula:

$$\text{Weight of Share} \times \text{Share Return} + \text{Weight of Index} \times \text{Index Return} + \text{Weight of Fund} \times \text{Fund Return} + \text{Weight of Index Future} \times \text{Index Future Return};$$

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash

Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Clearing Agent” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** 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
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or

- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means, (i) with respect to each Share, each Index Future and each Fund which is an exchange traded fund, the exchange or quotation system specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system and (ii) with respect to each Index, each exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities that comprise the Index (the “**Index Shares**”) to compute the Index or any successor to such exchange or quotation system;

“**Exchange Rate**” means, in relation to each Basket Constituent and where applicable, the rate of exchange between the relevant Basket Constituent Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonable 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 Terms**” means the document containing the specific terms relating to the Securities;

“**Fund**” means each fund (including exchange traded funds) specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Fund Administrator**” means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

“**Fund Adviser**” means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

“**Fund Documents**” means, with respect to any Fund or Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Reference Asset specifying

the terms and conditions relating to such Fund or Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

“**Fund Event**” means each event specified as such in Product Condition 4(g) and any Additional Fund Events specified in the definition of the relevant Series in the applicable Final Terms;

“**Fund Final Reference Price**” means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms (i) the Fund Reference Price on the Valuation Date or (ii) if “**Final Averaging**” is specified as being applicable in the definition of the relevant Series in the relevant Final Terms, an amount equal to the arithmetic mean of the Fund Reference Prices on each of the Valuation Dates;

“**Fund Initial Reference Price**” means, in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms the Fund Reference Price on the Pricing Date;

“**Fund Prospectus**” means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

“**Fund Reference Price**” means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of such Fund as quoted by the fund manager or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case at the Valuation Time on a Trading Day, 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 or NAV (as the case may be) can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case having regard to the then prevailing market conditions, the last reported NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant subject to adjustment in accordance with Product Condition 4;

“**Fund Return**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount calculated by the Calculation Agent in accordance with the following formula:

$$\text{Fund Final Reference Price} / \text{Fund Initial Reference Price} - 1;$$

“**Fund Service Provider**” means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

“**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 Relevant Currency Exchange Rate;

“Hedging Agreement” means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

“Inclusion Date” means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

“Index” means each index specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Index Final Reference Price” means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the Index Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the definition of the relevant Series in the relevant Final Terms, an amount equal to the arithmetic mean of the Index Reference Prices on each of the Valuation Dates;

“Index Future” means each index future specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Index Future Final Reference Price” (“IFFRP”) means, in respect of each Index Future, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the Index Future Reference Price on the Valuation Date or (ii) if “Final Averaging” is specified as being applicable in the definition of the relevant Series in the relevant Final Terms, an amount equal to the arithmetic mean of the Index Future Reference Prices on each of the Valuation Dates;

“Index Future Initial Reference Price” (“IFIRP”) means, in respect of each Index Future, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Future Reference Price on the Pricing Date;

“Index Future Price” means in respect of each Index Future, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the current price of the Index Future. 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 Basket, and if no such page reference exists, such other page reference as the Calculation Agent determines; and

“Index Future Reference Price” means, in respect of each Index Future, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the Index Future Price quoted on the Exchange at the Valuation Time on a Trading Day 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 Index Future Price on such date having regard to the then prevailing market conditions, the last reported Index Future Price on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

“Index Future Return” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount calculated by the Calculation Agent in accordance with the following formula:

$$\text{Index Future Final Reference Price} / \text{Index Future Initial Reference Price} - 1;$$

“Index Initial Reference Price” means, in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Reference Price on the Pricing Date;

“Index Reference Price” means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Trading Day, as determined by 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 official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Index Shares and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

“Index Return” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount calculated by the Calculation Agent in accordance with the following formula:

$$\text{Index Final Reference Price} / \text{Index Initial Reference Price} - 1;$$

“Index Sponsor” means the corporation or other entity that (i) 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 (ii) 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;

“Interest Amount” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“**Interest Rate**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Issuer Call**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“**Issuer Call Cash Amount**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Issuer Call Commencement Date**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Issuer Call Date**” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date 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 Issuer or the Calculation Agent on its behalf either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent in which case the Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Issuer or the Calculation Agent on its behalf determines that there is a Market Disruption Event occurring on each of the Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (B) the Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent or, where the Basket Constituent is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf deems relevant; or

- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(h) shall apply and the Issuer Call Date shall be adjusted accordingly;

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Merger Event” means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

“NAV” means net asset value;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Participation” means the amount specified as such in the applicable Final Terms;

“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 2) System is open;

“Portfolio Guidelines” means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculation Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculation Agent on its behalf, circumstances so required;

“Reference Asset” means the relevant interests specified as such in the definition of the relevant Series in the Applicable Final Terms, subject to Product Condition 4 or, where the Reference Asset is not specified in the definition of the relevant Series in the applicable Final Terms and the Fund is not an exchange traded fund, the relevant interests in each Fund, subject to Product Condition 4;

“Related Exchange” means in respect of each Share, Index Future, Index or each Fund which is an exchange traded fund, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Shares, Index Futures, Index or Funds are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Relevant Party” means each of the Fund and the Fund Adviser;

“Replacement Fund” means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with Product Condition 4(h)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

“Securities” means each Series of the notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date or Issuer Call Date, as applicable;

“**Share**” means each share specified as such in the definition of Basket in the relevant Series in the applicable Final Terms, 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 applicable Final Terms, subject to Product Condition 4;

“**Share Final Reference Price**” means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) the Share Reference Price on the Valuation Date or (ii) if “**Final Averaging**” is specified as being applicable in the relevant Final Terms, an amount equal to the arithmetic mean of each of the Share Reference Prices on each of the Valuation Dates;

“**Share Initial Reference Price**” means, in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Share Reference Price on the Pricing Date;

“**Share Reference Price**” means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the price determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction unless, 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 such Share on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

“**Share Return**” means in respect of each Share, unless specified otherwise in the applicable Final Terms, an amount calculated in accordance with the following formula:

$$\text{Share Final Reference Price} / \text{Share Initial Reference Price} - 1;$$

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Substitution Date**” means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund.

“**Trading Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) with respect to each Share or Index Future, 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, (ii) with respect to a Fund, any day (or, but for the occurrence of a Fund Event, would have been a day) on which trading in the Fund or the Reference Asset, as applicable, can take place and (iii) with respect

to an Index, any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules;

“**Valuation Date**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf, either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent, in which case the Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Issuer or the Issuer or the Calculation Agent on its behalf determines that there is a Market Disruption Event occurring on each of the Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Issuer or the Calculation Agent on its behalf shall determine the Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(h) shall apply and the Valuation Date shall be adjusted accordingly;

“**Valuation Time**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) with respect to each Index the time with reference to which the Index Sponsor calculates the closing level of the Index, (ii) with respect to each Share or Index Future the official close of trading on the relevant Exchange and (iii) with respect to each Fund (other than those Funds which are exchange traded funds) the time with reference to which the fund manager publishes the NAV or value and (iv) with respect to Funds which are exchange traded funds the time specified as such in the definition of the relevant series in the applicable Final Terms. Or, such other time as the Issuer or the Calculation Agent on its behalf may select and notify to Holders in accordance with General Condition 4; and

“**Weight**” means, for each Basket Constituent, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event or Fund Event, as applicable.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in

accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (i) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4. ADJUSTMENTS

- (a) Market Disruption in relation to a Share. The Issuer or the Calculation Agent on its behalf 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.

In this Product Condition 4(a), 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 (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) in the Shares on the Exchange or any other exchange on which the Shares are listed;
or
 - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares 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) Market Disruption in relation to an Index. The Issuer or the Calculation Agent on its behalf 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.

In this Product Condition 4(b) a “**Market Disruption Event**” means (i) a general moratorium is declared in respect of banking activities in the country in which the Exchange or 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 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 (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.
- (c) Market Disruption in relation to an Index Future. 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. In this Product Condition 4(c), a Market Disruption Event means:
- (a) Price Source Disruption. The failure by the Exchange to announce or publish the Index Future Price (or the information necessary for determining such price), or the temporary or permanent discontinuance or unavailability of such price by the Exchange on a Valuation Date; 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 Index Future on the Exchange; or
 - (d) Material Change in Formula. The occurrence, since the Pricing Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of, calculating the Index Future Price; or
 - (e) Material Change in Content. The occurrence, since the Pricing Date, of a material change in the content or composition of the Index Future Price; or
 - (f) De Minimis Trading. The number of contracts traded on the Exchange with respect to the Index Future is such that the Issuer declares that its ability to enter into hedging transactions

with respect to the Index Future has been impaired due to a lack of, or a material reduction in, trading in the Index Future 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 Index Future (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Pricing Date, if the direct effect of such imposition, change or removal is to raise or lower the Index Future Price on a Valuation Date and/or on each of the three Trading Days following a 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 Index Future with respect to it or any contract with respect to it 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; or
 - (j) 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.
- (d) Potential Adjustment Events in relation to a Share. 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” in this Product Condition 4(d) 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 of the relevant Shares 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.

- (e) 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 the action proposed to be taken in relation thereto.

“**De-listing**”, in this Product Condition 4(e) only, 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 closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“**Merger Event**”, in this Product Condition 4(e) only, means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange 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); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power in the Share Company to the offeror, in each case if the Merger Date is on or before the relevant 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.

(f) Potential Adjustment Events in relation to an 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. In this Product Condition 4(f) “**Potential Adjustment Event**” means:

(1) If any 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 relevant Index, then (in either case) the relevant 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 relevant Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor makes a material change in the formula for or the method of calculating any Index or in any other way materially modifies an 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 or prior to the relevant Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish any Index; then (in either case) the Calculation Agent shall determine the Index Final Reference Price using, in lieu of a published level for the relevant Index on the relevant Valuation Date, the level for the relevant Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant 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 Index Shares are listed) or, in the case of a material modification of the Index only, shall deem such modified Index to be the Index so calculated and announced or shall 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 relevant 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 relevant Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the Index Shares of (i) the Index 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 Index Shares equally or proportionately with such payments to holders of the Index Shares of Index 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 Index Shares to existing holders of the Index Shares by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Index Shares at a time when the relevant issuer of the Index Shares has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Index Shares at a time when the relevant issuer of the Index Shares has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Index Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend

procedures of the relevant issuer of the Index Shares, 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 relevant Valuation Date; (G) a distribution of cash dividends on the Index Shares equal to or greater than 8 per cent. per annum of the then current market value of the Index Shares; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Index Shares.

- (4) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.
- (g) Fund Events. Each of the following events constitutes a “**Fund Event**”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.
 - (i) Global Events:
 - (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund's portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or

reputation or liquidity of the Fund or the Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.

- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (i) institutes or has instituted against it, by

a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in Product Condition 4(g)(i)(E)(c)(I) above and in the case of this Product Condition 4(g)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in Product Conditions 4(g)(i)(E)(a) through 4(g)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.

- (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Reference Assets held by them.
 - (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
 - (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (ii) NAV/Price and Reporting:
- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.
 - (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.
 - (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion

Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.

- (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
- (E) (i) In respect of any Reference Asset, the occurrence of any event affecting such Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

Any of the following events relating to the Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
 - (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of “side-pocket” which affects the Reference Assets;
 - (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;
 - (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund; or
- (iv) Trading and Fees:
- (A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).
 - (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.
 - (C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
 - (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:

(I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or

(II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,

or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Reference Assets or be entitled to actual payment of any such other amount.

(v) Fund Adviser and Fund Service Provider Failures:

(A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.

(B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.

(C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.

(D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Reference Assets.

(vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in sub-paragraphs (i) to (v) above.

(h) Consequences of a Fund Event.

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “**Permitted Action**”):

- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or
- (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or
- (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this Product Condition 4(h)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "**Suspension Asset**").

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(g), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.

(i) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.
- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.
- (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.

(j) Adjustments to the Basket

If a De-Listing occurs with respect to a Fund or a Share, as applicable or a Fund or a Share, as applicable 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 Fund or Share, as applicable by a successor fund or share, as applicable 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 Fund or Share, as applicable (B) remove the de-listed or cancelled Fund or Share, as applicable and allocate the Fund Final Reference Price or Share Final Reference Price, as applicable of such Fund or Share, as applicable as of the effective date of the de-listing or cancellation, pro rata to the remaining Funds or Shares, as applicable 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, for the purpose of the foregoing paragraph, 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).

- (k) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO MULTI-ASSET BASKET LINKED NOTES III

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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

“**Additional Fund Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Additional Market Disruption Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Agent**” means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Basket Constituent**” means each Certificate, Commodity, FX Rate, Share, Fund (including, where the Fund is an exchange traded fund, the Reference Asset) or Index, as the case may be, specified as such in the definition of Basket, and “**Basket Constituents**” means each or all of the Certificates, Commodities, FX Rates, Shares, Funds (including, where the Fund is an exchange traded fund, the Reference Assets) and Indexes as the case may be;

“**Basket Constituent Currency**” means, in relation to each Basket Constituent in the applicable Final Terms, the currency specified as such in the definition of the Basket;

“**Basket Return**” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Certificate**” means each certificate specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Certificate Final Reference Price**” (“**CertFRP**”) means in respect of each Certificate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Certificate Reference Price on the Valuation Date;

“**Certificate Initial Reference Price**” (“**CertIRP**”) means, in respect of each Certificate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Certificate Reference Price on the Pricing Date;

“**Certificate Reference Price**” means in respect of each Certificate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of the Certificate at the Valuation Time on a Trading Day, 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 Certificate on such date having regard to the then prevailing market conditions, the last reported trading price of the Certificate on the Exchange and such other factors as the Calculation Agent determines to be relevant;

“**Certificate Return**” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each commodity specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Commodity Final Reference Price**” (“**CFRP**”) means in respect of each Commodity, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Commodity Reference Price on the Valuation Date;

“**Commodity Initial Reference Price**” (“**CIRP**”) means, in respect of each Commodity, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Commodity Reference Price on the Pricing Date;

“**Commodity Reference Price**” means in respect of each Commodity, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of the Commodity at the Valuation Time on a Trading Day, 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 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 to be relevant;

“Commodity Return” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“Coupon” means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** 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
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) **Illiquidity.** It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or

- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“Exchange” means, (i) with respect to each Certificate, Commodity, Fund which is an exchange traded fund or Share, the exchange or quotation system specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange or quotation system and (ii) with respect to each Index, each exchange or quotation system from which the Index Sponsor takes the prices of the shares that comprise the Index (the **“Index 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;

“Exchange Rate” means, in relation to each Basket Constituent and where applicable, the rate of exchange between the relevant Basket Constituent Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonable determine to be appropriate at such time;

“Final Terms” means the document containing the specific terms relating to the Securities;

“Form” means Global;

“Fund” means each fund (including exchange traded funds) specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Fund Administrator” means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

“Fund Adviser” means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

“Fund Documents” means, with respect to any Fund or Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Reference Asset specifying the terms and conditions relating to such Fund or Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

“Fund Event” means each event specified as such in Product Condition 4(f) and any Additional Fund Event specified in the definition of the relevant Series in the applicable Final Terms;

“Fund Final Reference Price” (“FFRP”) means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Fund Reference Price on the Valuation Date;

“Fund Initial Reference Price” (“FIRP”) means, in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms the Fund Reference Price on the Pricing Date;

“Fund Prospectus” means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

“Fund Reference Price” means in respect of each Fund, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of such Fund as quoted by the fund manager or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case at the Valuation Time on a Trading Day, 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 on NAV (as the case may be) can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case having regard to the then prevailing market conditions, the last reported NAV of such Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

“Fund Return” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“Fund Service Provider” means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus, including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

“FX Rate” means each rate of exchange specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) or to such other sources as the Calculation Agent may reasonably determine to be appropriate at such time, subject to Product Condition 4;

“FX Rate Final Reference Price” (“FXFRP”) means in respect of each FX Rate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the FX Rate Reference Price on the Valuation Date;

“FX Rate Initial Reference Price” (“FXIRP”) means, in respect of each FX Rate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the FX Rate Reference Price on the Pricing Date;

“FX Rate Reference Price” means in respect of each FX Rate, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the FX Rate at the Valuation Time on a Trading Day, 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 FX Rate on such date having regard to the then prevailing market conditions, the last reported FX Rate and such other factors as the Calculation Agent determines to be relevant;

“FX Rate Return” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“Government 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 Relevant Currency Exchange Rate;

“Hedging Agreement” means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

“Inclusion Date” means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

“Index” means each index specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Index Final Reference Price” (“IFRP”) means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Reference Price on the Valuation Date;

“Index Initial Reference Price” (“IIRP”) means, in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Index Reference Price on the Pricing Date;

“Index Reference Price” means in respect of each Index, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Trading Day, as determined by 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 official closing level of the Index on such date having regard to the then prevailing market conditions, the last reported trading price of the Index Shares and such other factors as the Calculation Agent determines relevant;

“Index Return” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“Index Sponsor” means the corporation or other entity that (i) 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 (ii) 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;

“Interest Amount” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“Interest Rate” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if **“Issuer Call” is specified as being “Applicable”** in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date 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 Issuer or the Calculation Agent on its behalf either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent in which case the Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Market Disruption Event unless the Issuer or the Calculation Agent on its behalf determines that there is a Market Disruption Event occurring on each of the Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event); and (B) the Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent or, where the Basket Constituent is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf deems relevant; or
- (ii) a Fund Event has occurred on any such day, in which case the provisions of Product Condition 4(k) shall apply and the Issuer Call Date shall be adjusted accordingly;

“Issuer Call Notice Period” means, if “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Merger Event” means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which

does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

“**NAV**” means net asset value;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Participation**” means the amount specified as such in the applicable Final Terms;

“**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 2) System is open;

“**Portfolio Guidelines**” means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

“**Pricing Date**” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculation Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculation Agent on its behalf, circumstances so required;

“**Reference Asset**” means the relevant interests in each Fund or if the Fund is an exchange traded fund the relevant interests specified as “**Reference Assets**” in the definition of Basket in the applicable Final Terms, subject to Product Condition 4;

“**Real Estate Index Return**” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Related Exchange**” means in respect of each Commodity, Share or each Index, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Commodity, Shares or the Index are traded;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant

Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Relevant Party” means each of the Fund and the Fund Adviser;

“Replacement Fund” means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with Product Condition 4(k)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf.

“Screen Page” means each page, if any, specified as such in the definition of the Basket in the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

“Securities” means each Series of the notes specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date or Issuer Call Date, as applicable;

“Share” means each share specified as such in the definition of Basket in the relevant Series in the applicable Final Terms, 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 applicable Final Terms, subject to Product Condition 4;

“Share Final Reference Price” (**“SFRP”**) means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Share Reference Price on the Valuation Date;

“Share Initial Reference Price” (**“SIRP”**) means, in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Share Reference Price on the Pricing Date;

“Share Reference Price” means in respect of each Share, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the price determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by or on behalf of the Calculation Agent without regard to any subsequently published correction unless, 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 such Share on the Exchange and such other factors as the Calculation Agent determines relevant, subject to adjustment in accordance with Product Condition 4;

“**Share Return**” means an amount calculated by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Substitution Date**” means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund;

“**Trading Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, (i) with respect to each Certificate, Commodity or Share, 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, (ii) with respect to a Fund, any day (or, but for the occurrence of a Fund Event, would have been a day) on which trading in the Fund or the Reference Asst, as applicable, can take place, (iii) with respect to an Index, any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules and (iv) with respect to an FX Rate, any day that is (or but for the occurrence of a Market Disruption Event, would have been) a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Settlement Currency;

“**Valuation Date**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (i) a Market Disruption Event has occurred on that day with respect to any Basket Constituent, in which case the Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf 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 Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (b) the Issuer or the Calculation Agent on its behalf shall determine the price, level or NAV, as applicable, having regard to the then prevailing market conditions, the last reported trading price of the Basket Constituent and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(k) shall apply and the Valuation Date shall be adjusted accordingly;

“**Valuation Time**” means (i) with respect to each Commodity and FX Rate at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms, (ii) with respect to each Index the

time with reference to which the Index Sponsor calculates the closing level of the Index, (iii) with respect to each Certificate or Share, the official close of trading on the relevant Exchange and (iv) with respect to each Fund (other than those Funds which are exchange traded funds) the time with reference to which the fund manager publishes the NAV or value and (v) with respect to Funds which are exchange traded funds the time specified as such in the definition of the relevant series in the applicable Final Terms. All unless otherwise specified in the definition of the relevant Series in the applicable Final Terms or, such other time as the Issuer or the Calculation Agent on its behalf may select and notify to Holders in accordance with General Condition 4; and

“**Weight**” means, for each Basket Constituent, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the

Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “shall do”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “Issuer Call” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “Interest” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event or Fund Event, as applicable.
- (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 either (a) if “Modified Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “Following” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

(4) ADJUSTMENTS

- (a) Market Disruption in relation to a Commodity. The Issuer or the Calculation Agent on its behalf 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.

In this Product Condition 4(a), a “**Market Disruption Event**” means:

- (i) 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
- (ii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
- (iii) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange; or

- (iv) 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
 - (v) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity; or
 - (vi) 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
 - (vii) 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
 - (viii) 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
 - (ix) 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.
- (b) Market Disruption in relation to an FX Rate. The Issuer or the Calculation Agent on its behalf 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. In this Product Condition 4(b), a “**Market Disruption Event**” means:
- (a) Price Source Disruption. If it becomes impossible to obtain any one or more FX Rates on the Valuation Date; 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) Inconvertibility/non-transferrability. The occurrence of any event which (i) generally makes it impossible to convert the currencies in any one or more FX Rates through customary legal channels for conducting such conversion in the principal financial centre of a Basket Constituent Currency or (ii) generally makes it impossible to deliver a Basket Constituent Currency from accounts in the country of the principal financial centre of that Basket Constituent Currency to accounts outside such jurisdiction or the Settlement 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 a Basket Constituent Currency; or
- (e) Illiquidity. Any impossibility in obtaining a firm quote for any one or more FX Rates or the Settlement Currency for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (f) Change in Law. A change in law in the country of the principal financial centre of a Basket Constituent Currency which may affect the ownership in and/or the transferability of that Basket Constituent Currency; or
- (g) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of a Basket Constituent Currency; or
- (h) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of a Basket Constituent Currency; or
- (i) 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 the Settlement Currency.

- (c) Market Disruption in relation to a Certificate and a Share. The Issuer or the Calculation Agent on its behalf 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.

In this Product Condition 4(c), 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 (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise):
 - (A) in the Shares or Certificates, as applicable, on the Exchange or any other exchange on which the Shares are listed; or
 - (B) in any options contracts or futures contracts or other derivatives contracts relating to the Shares or Certificates, as applicable, 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.

- (d) Market Disruption in relation to an Index. The Issuer or the Calculation Agent on its behalf 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.

In this Product Condition 4(d), a “**Market Disruption Event**” means (i) a general moratorium is declared in respect of banking activities in the country in which the Exchange or 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 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 (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.

- (e) 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:
- (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 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.

In this Product Condition 4(e), “**Potential Adjustment Event**” means any event that may have a diluting or concentrative effect on the theoretical value of the Certificates.

- (f) Potential Adjustment Events in relation to a Share. 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.

In this Product Condition 4(f), “**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 of the relevant Shares 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.

- (g) 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 the action proposed to be taken in relation thereto.

“**De-listing**”, in this Product Condition 4(g) only, 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 closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“**Merger Event**”, in this Product Condition 4(g) only, means any (1) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all or a majority of the outstanding Shares; (2) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange 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); or (3) take-over offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares that results in a transfer of, or an irrevocable commitment to transfer a majority of the voting power of the Share Company to the offeror, in each case if the Merger Date is on or before the relevant 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.

- (h) Potential Adjustment Events in relation to an 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 any 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 relevant Index, then (in either case) the relevant 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 any Index or in any other way materially modifies an 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 any Index; then (in either case) the Calculation Agent shall determine the Index Final Reference Price using, in lieu of a published level for the relevant Index on the Valuation Date, the level for the relevant Index as determined by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant 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, shall deem such modified Index to be the Index so calculated and announced or shall 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 relevant 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 relevant Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the Index Shares of (i) the Index 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 Index Shares equally or proportionately with such payments to holders of Index 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 Index Shares to existing holders of the Index Shares by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the Index Shares at a time when the relevant issuer of the Index Shares has not previously declared or paid dividends on such Index Shares for the prior four quarterly periods; (E) any non-cash dividends declared on the Index Shares at a time when the relevant issuer of the Index Shares has not previously declared or paid dividends on such Index Shares for the prior four

quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the Index Shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer of the Index Shares, 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 Index Shares equal to or greater than 8 per cent. per annum of the then current market value of the Index Shares; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Index Shares.

(4) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

(i) Adjustments to the Basket

If a De-Listing occurs with respect to a Fund, Certificate or a Share, as applicable or a Fund, Certificate or Share, as applicable 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 Fund, Certificate or Share, as applicable by a successor fund, certificate or share, as applicable 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 Fund, Certificate or Share, as applicable (B) remove the de-listed or cancelled Fund, Certificate or Share, as applicable and allocate the Fund Final Reference, Certificate Final Reference Price or Share Final Reference Price, as applicable of such Fund, Certificate or Share, as applicable as of the effective date of the de-listing or cancellation, pro rata to the remaining Funds, Certificates or Shares, as applicable 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, for the purpose of the foregoing paragraph, 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).

(j) Fund Events. Each of the following events constitutes a “**Fund Event**”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund

Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.

(i) Global Events:

- (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund's portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.
- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing

any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.

- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (I) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in Product Condition 4(j)(i)(E)(c)(I) above and in the case of this Product Condition 4(j)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any

Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in Product Conditions 4(j)(i)(E)(a) through 4(j)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
- (G) Any Merger Event occurs or is threatened.
- (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
- (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.
- (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Reference Assets held by them.

- (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
 - (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (ii) NAV/Price and Reporting:
- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.
 - (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.
 - (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
 - (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
 - (E) (i) In respect of any Reference Asset, the occurrence of any event affecting such Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has

not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

Any of the following events relating to the Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
- (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "side-pocket" which affects the Reference Assets;
- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;
- (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund; or

- (iv) Trading and Fees:
- (A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).
 - (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.
 - (C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.
 - (D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:
 - (I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or
 - (II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Reference Assets or be entitled to actual payment of any such other amount.
- (v) Fund Adviser and Fund Service Provider Failures:
- (A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.
 - (B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.
 - (C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment

or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.

(D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Reference Assets.

(vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in sub-paragraphs (i) to (v) above.

(k) Consequences of a Fund Event.

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “**Permitted Action**”):

- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or
- (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or
- (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Reference Assets at the relevant time)

and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this Product Condition 4(k)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a "**Suspension Asset**").

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(j), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.

(l) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.
- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such

equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.

(iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.

(m) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

**CONDITIONS: PRODUCT CONDITIONS
RELATING TO FUND LINKED NOTES**

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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

“**Additional Fund Events**” means those events specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Agent**” means the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means, unless for the relevant Series “**Basket**” is specified in the applicable Final Terms as being “**Not Applicable**”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or

- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means each exchange or quotation system specified as such in the definition of Basket or specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to that 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, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the NAV of each Fund as quoted by the fund manager of the Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case for each 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 or NAV can be determined and no Emerging Market Disruption Event or Fund Event has occurred and is continuing) an amount determined by the Calculation Agent as its estimate of the NAV of the Fund or, where such Fund is an exchange traded fund, the trading price of the Reference Asset on the Exchange, in each case for such date having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange and such other factors as the Calculation Agent determines relevant;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**Fund**” means each fund specified as such in the definition of Basket in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Fund Administrator**” means, in respect of the Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

“**Fund Adviser**” means, in respect of any Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

“**Fund Documents**” means, with respect to any Fund or Reference Asset, the constitutive and governing documents, subscription agreements and other agreements of the related Fund or Reference Asset specifying the terms and conditions relating to such Fund or Reference Asset and which shall include any Hedging Agreement, each as amended from time to time;

“**Fund Event**” means each event specified as such in Product Condition 4 and any Additional Fund Event specified in the definition of the relevant Series in the applicable Final Terms;

“**Fund Prospectus**” means the disclosure document howsoever described prepared in connection with the marketing of the Fund and, in relation to any Replacement Fund, means the disclosure document howsoever described prepared in connection with the marketing of the Replacement Fund and that, as of the Inclusion Date, was the most recent version thereof, each as amended from time to time;

“**Fund Service Provider**” means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for that Fund, whether or not specified in the Fund Documents or the Fund Prospectus,

including but not limited to any Fund Adviser, Fund Administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent;

“**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 Relevant Currency Exchange Rate;

“**Hedging Agreement**” means any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between: (a) the Issuer, any of its affiliates or any Hedge Provider; and (b) the Fund, the Fund Adviser, any other Fund Service Provider or the directors of the Fund;

“**Inclusion Date**” means (i) in respect of the Fund, the Issue Date and (ii) in respect of any Replacement Fund, means the Substitution Date of that Fund;

“**Initial Reference Price**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Interest Amount**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“**Interest Rate**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Issuer Call**” means, if “**Issuer Call**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“**Issuer Call Cash Amount**” means, if “**Issuer Call**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Issuer Call Commencement Date**” means, if “**Issuer Call**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Issuer Call Date**” means, if “**Issuer Call**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, the date specified as such in the notice delivered by the Issuer in accordance with Product Condition 3 or, if any such day is not a Trading Day, means the first succeeding Trading Day unless, in the determination of the Issuer or the Calculation Agent on its behalf, either:

- (i) An Emerging Market Disruption Event has occurred on any such day, in which case the applicable Issuer Call Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Emerging Market Disruption Event, unless the Issuer or the Calculation Agent on its behalf determines that there is an Emerging Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Emerging Market Disruption Event) would have been the Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Emerging Market Disruption Event); and (ii) the Issuer or the Calculation Agent on its behalf shall determine the Issuer Call Cash Amount having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on that day, in which case the provisions of Product Condition 4(c) shall apply and the Issuer Call Date shall be adjusted accordingly;

“**Issuer Call Notice Period**” means, if “**Issuer Call**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Market Disruption Event**” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Merger Event” means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Relevant Party or its subsidiaries with or into another entity in which the Relevant Party is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event;

“NAV” means net asset value;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Portfolio Guidelines” means the investment guidelines and restrictions specified in respect of a Fund and as set out in the relevant Fund Prospectus and/or the relevant Fund Documents;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer or the Calculation Agent on its behalf in adverse market conditions if, in the opinion of the Issuer or the Calculation Agent on its behalf, circumstances so required;

“Reference Asset” means the relevant interests in each Fund or if the Fund is an exchange traded fund the relevant interests specified as **“Reference Assets”** in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“Related Exchange” means, with respect to a Fund which is an exchange traded fund, an options or future exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the relevant Fund are traded;

“**Reference Banks**” means the entities, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“**Relevant Currency Exchange Rate**” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“**Relevant Number of Trading Days**” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Relevant Party**” means each of the Fund and the Fund Adviser;

“**Replacement Fund**” means, in relation to a Fund, the fund selected by the Issuer or the Calculation Agent on its behalf to replace that Fund in accordance with Product Condition 4(c)(ii). Such Replacement Fund will have a similar risk profile as the Fund replaced, as determined by the Issuer or the Calculation Agent on its behalf;

“**Screen Page**” means each page, if any, specified as such in the definition of Underlying Rate for the relevant Series in the applicable Final Terms or any successor to any such page which contains the same information;

“**Securities**” means each Series of the fund linked notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean each series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means, unless specified otherwise in the applicable Final Terms, the Maturity Date or if later, the third Business Day following the Valuation Date;

“**Standard Currency**” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United

Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Substitution Date**” means, in relation to a Fund, the date selected by the Issuer or the Calculation Agent on its behalf for the replacement of the Fund by a Replacement Fund;

“**Trading Day**” means (i) in respect of a Fund, any day on which dealing in the Fund can take place (or, but for the occurrence of a Fund Event, would have taken place) and (ii) in respect of a Fund that is an exchange traded fund any day that is (or, but for the occurrence of a Fund 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 Rate**” means each rate, if any, specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any) unless in the determination of the Calculation Agent, a Market Disruption Event has occurred, in which case the underlying rate shall be calculated in accordance with Product Condition 4;

“**Underlying Rate Valuation Date**” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valuation Date**” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Trading Day, the next following Trading Day, unless, in the determination of the Issuer or the Calculation Agent on its behalf either:

- (i) An Emerging Market Disruption Event has occurred on any such day, in which case the applicable Valuation Date shall be the first succeeding Trading Day on which the Issuer or the Calculation Agent on its behalf determines that there is no Emerging Market Disruption Event, unless the Issuer or the Calculation Agent on its behalf determines that there is an Emerging Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Emerging Market Disruption Event) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Emerging Market Disruption Event); and (ii) the Issuer or the Calculation Agent on its behalf shall determine the Final Reference Price having regard to the then prevailing market conditions, the last reported NAV of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange, and such other factors as the Issuer or the Calculation Agent on its behalf determines to be relevant; or
- (ii) a Fund Event has occurred on that day in which case the provisions of Product Condition 4(c) shall apply and the Valuation Date shall be adjusted accordingly;

“**Valuation Time**” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select and notify to Holders in accordance with General Condition 4; and

“**Weight**” means, unless for the relevant Series “**Basket**” is specified in the applicable Final Terms as being “**Not Applicable**”, for each Fund, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to

time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “**Issuer Call**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable), as the case may be.
- (d) Interest Accrual. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Fund 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 either (a) if “**Modified Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “**Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.

- (i) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

4 ADJUSTMENTS

- (a) Market Disruption. The Issuer or the Calculation Agent on its behalf 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.

In this Product Condition 4(a), a “**Market Disruption Event**” means the situation in which an Underlying Rate is not available on the relevant Screen Page, in which case the relevant rate shall be determined by the Calculation Agent on the basis of quotations for the relevant rate, or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify, provided by the Reference Banks at the applicable time for the relevant day. The Issuer will request each Reference Bank to provide a quotation of the relevant rate. If at least three quotations are provided, the relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine the relevant Underlying Rate at its sole and absolute discretion.

- (b) Fund Events. Each of the following events constitutes a “**Fund Event**”. The Fund Events are for the benefit of the Issuer in order that the Issuer is protected against any adverse effects of such Fund Events on its Hedge Position. The Issuer, or the Calculation Agent on its behalf, shall make all determinations in respect of such Fund Events including as to whether such Fund Event has occurred and the effective date of such occurrence. In order to constitute a Fund Event, the Issuer or the Calculation Agent on its behalf must conclude that the event in question either has resulted or is reasonably likely to result in an adverse effect on the value of the Reference Assets or the NAV of the Fund or on the rights of any investor therein with respect to the Reference Assets or the Fund or otherwise has materially adversely affected its Hedge Position.

- (i) Global Events:

- (A) Any of: (a) the investment strategy and/or the investment objective of the Fund has changed so that it is materially different from that applicable at its Inclusion Date or (b) a material change has been made to the underlying nature, strategy or risk of the Fund's portfolio from that which prevailed at its Inclusion Date and that is over and above that expected by the Issuer or the Calculation Agent on its behalf as of the Inclusion Date with respect to the trading strategies employed by the Fund as of that date or (c) the operation or organisation of the Fund or the Fund Adviser (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Inclusion Date or are other than as represented at such Inclusion Date or (d) any such procedures, processes or policies as are referred to in (c) above are either not being applied or are not being applied consistently with their application on the Inclusion Date or (e) an event or change affecting any of the structure, ownership, management or reputation or liquidity of the Fund or the Reference Assets and/or any other units in the capital of the Fund and/or any Fund Service Provider occurs or (f) any other amendments, changes, modifications or variations are made after the Inclusion Date to any of the Fund Documents, the Fund Prospectus or the Portfolio Guidelines.
- (B) (a) the Fund is not being managed in accordance with the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date, and no action satisfactory to the Issuer or the Calculation Agent on its behalf has been taken by the Fund or any person on its behalf with a view towards correcting such breach within five calendar days from the date on which the Fund was notified of the breach, or (b) any event occurs which causes, or will with the passage of time (in the opinion of the Issuer or the Calculation Agent on its behalf) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents.
- (C) The Issuer or the Calculation Agent on its behalf determines that (a) the obligations of any of the Fund or any Fund Service Provider or the directors of the Fund under any Hedging Agreement do not comprise legal, valid and binding obligations of such person, enforceable in accordance with their terms or (b) any of the Fund or any Fund Service Provider was acting outside its powers or authority in executing any Hedging Agreement or in making any agreement or undertaking therein. Each of (a) and (b) shall be conclusively presumed to be the case if the Issuer or the Calculation Agent on its behalf is advised that such is the case by reputable legal counsel having expertise in such matters.
- (D) The activities of the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or become subject to any investigation, proceeding or litigation by any relevant governmental, legal, administrative or regulatory authority or court of competent

jurisdiction and/or are subject to any charges or actions by any governmental, legal, administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, approvals, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.

- (E) Written notification is given by the Fund or any Fund Service Provider (or any person acting on behalf thereof) to holders of Reference Assets or to the Fund Administrator of a proposed cessation of operation of the Fund or the Fund or any Fund Service Provider (a) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation; (b) makes a general assignment or arrangement with or for the benefit of its creditors; (c) (I) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (II) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in Product Condition 4(b)(i)(E)(c)(I) above and in the case of this Product Condition 4(b)(i)(E)(c)(II) either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (d) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or a substantial part of its assets; (e) any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Issuer or the Calculation Agent on its behalf is comparable to security over any such assets (including without limitation any repurchase agreement or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repurchase agreement, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or capable of early termination by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or (f) causes or is subject to any

event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in Product Conditions 4(b)(i)(E)(a) through 4(b)(i)(E)(f) above.

- (F) The Fund or any Fund Service Provider becomes party to any litigation or dispute.
 - (G) Any Merger Event occurs or is threatened.
 - (H) The Fund or any Fund Service Provider has experienced or is experiencing a material adverse change in its business, assets, operations or financial condition which adversely impacts its ability to provide services to the Fund and/or the quality of such services.
 - (I) In respect of any Reference Assets, any fraudulent or negligent entry is made on the register of such Reference Assets maintained by or on behalf of the Fund or there is a reduction in the number of such Reference Assets held for the account of any investor in the Fund for reasons beyond the control of that investor.
 - (J) (a) any change occurs in the legal, tax, accounting or regulatory treatment of (i) the Issuer, any of its affiliates or any Hedge Provider by reason of its investment in the Fund or the Reference Assets or (ii) the Fund or any Fund Service Provider, in each case from that which was applicable at the Inclusion Date or (b) the Issuer or the Calculation Agent on its behalf determines that any of Issuer, its affiliates or any Hedge Provider is or may in the future be unable, or it may be unduly onerous or impractical for any such entity, to perform any obligation (including, without limitation, any regulatory or accounting reporting obligation) imposed on any such entity by the law or regulation of any relevant jurisdiction, any relevant regulatory or administrative body or any court of competent jurisdiction, in each case by reason of its investment in the Fund or the Reference Assets or (c) the Issuer, any of its affiliates or any Hedge Provider deems it necessary or appropriate, in order to comply with or remain within (i) any applicable legal and/or regulatory limits on the amounts of Reference Assets that it may hold and/or (ii) any internal exposure limits governing the maximum exposure (direct and indirect) that the Issuer, any relevant affiliate or the Hedge Provider as the case may be, is permitted to have to the Fund, to redeem all or some of the Reference Assets held by them.
 - (K) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
 - (L) A significant market, trading or exchange disruption and/or crisis in the major financial markets occurs.
- (ii) NAV/Price and Reporting:
- (A) There is (a) a failure to calculate and/or publish the NAV of the Fund on any day on which such calculation or publication was scheduled to be made in accordance with

the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (b) a failure to calculate and publish the NAV of the Fund with the frequency set out in the Fund Documents and/or the Fund Prospectus as they prevailed on the Inclusion Date or (c) where the Fund is an exchange traded fund, a failure to publish the trading price of the Reference Assets on the Exchange.

- (B) (a) Any change is made to the methodology used for calculating either the NAV of the Fund or any estimate of the NAV of the Fund from that which prevailed on the Inclusion Date or (b) there is a failure to calculate and deliver any estimate of the NAV of the Fund in accordance with the timing within which such information has previously been provided to the Issuer, the Calculation Agent, any of its affiliates or any Hedge Provider.
- (C) (a) The time delay between calculation of the NAV (or any estimated NAV) of the Fund and the publication of such NAV (or estimated NAV) is changed so that it is no longer the same as set out in the Fund Prospectus as it prevailed on the Inclusion Date or (b) any other information relating to the Fund that was specified to be published in accordance with the Fund Documents or the Fund Prospectus as they respectively prevailed on the Inclusion Date is not published in accordance with the timetable therefor set out in such documents.
- (D) The audited NAV of the Fund varies by more than 0.50 per cent. from the related NAV previously published by or on behalf of the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, or the Issuer or the Calculation Agent on its behalf considers that the unaudited official NAV of the Fund published by or on behalf of the Fund in respect of any date does not reflect the NAV of such Fund as it would have been determined by the independent auditors of that Fund using the generally accepted accounting standards adopted by the Fund.
- (E) (i) In respect of any Reference Asset, the occurrence of any event affecting such Reference Asset that, in the determination of the Issuer or the Calculation Agent on its behalf, would make it impossible or impracticable for the Issuer or the Calculation Agent to determine the value of such Reference Asset, and the Issuer or the Calculation Agent on its behalf determines that such event will not be, or has not been, resolved within 15 calendar days from the occurrence of such event; (ii) any failure of the Fund, any Fund Service Provider or any director of the Fund to deliver, or cause to be delivered, (A) information that such person has agreed to deliver, or cause to be delivered, to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider in respect of the Fund (including, without limitation, any information required by the Issuer or the Calculation Agent in the execution of its duties and obligations under the Securities or required by the Issuer or the Calculation Agent in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the

Securities) or (B) information that has been previously delivered to the Issuer, the Calculation Agent, any of the Issuer's affiliates or any Hedge Provider, in accordance with such person's, or its authorised representative's, normal practice and that the Issuer or the Calculation Agent deems necessary for it to perform its duties and obligations under the Securities or that the Issuer or the Calculation Agent deems is required by it in order to determine whether any Fund Event has occurred or to make any other determination permitted by it in respect of the Securities (including, in either case, monitoring the Fund's compliance with any Portfolio Guidelines, asset allocation methodologies, the occurrence of any Fund Event or any other similar policies relating to such Reference Assets).

(iii) Reference Assets:

Any of the following events relating to the Reference Assets occurs:

- (A) a subdivision, reclassification or distribution of Reference Assets which has a diluting or concentrative or other effect on the value (theoretical or otherwise) of the Reference Assets;
- (B) a portion of each Reference Asset is converted (whether by way of redemption and re-issue or otherwise) into new securities participating in the capital of the Fund, which securities are subject to lock-up periods during which they may not be redeemed and which relate to any segregated assets of the Fund, or the Fund creates any other form of "**side-pocket**" which affects the Reference Assets;
- (C) a (i) dividend (including cash and whether ordinary or extraordinary), (ii) distribution or (iii) issue of Reference Assets, capital, securities, rights or other assets or interests to existing holders of Reference Assets which has or is likely to have an adverse effect on the value (theoretical or otherwise) of the Reference Assets;
- (D) any suspension or limitation on the trading of the relevant currencies in which the Reference Assets are denominated or any amendment to the currency of denomination of the Reference Assets so that their price is no longer calculated in the same currency as at the Inclusion Date of the Fund; or

(iv) Trading and Fees:

- (A) In respect of the Reference Assets, the Fund or any Fund Service Provider increases the level of any redemption fee, subscription fee, management fee, performance fee or a bid/offer spread (or other charge however described) above the level that would have been applicable to any Reference Assets held by any of the Issuer, any affiliate of the Issuer or any Hedge Provider on the Inclusion Date (regardless of whether any such person actually holds any Reference Assets as of such date).
- (B) Any suspension of or limitation imposed on trading of the Fund or on trading in the Reference Assets (for any reason, including, without limitation, by reason of

liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund or the Reference Assets is deferred in whole or in part or is made at a value other than the related NAV or price, as applicable.

(C) The frequency at which Reference Assets can be traded is amended or the timing for subscription or redemption of Reference Assets is amended, in each case so that it is no longer that specified in the Fund Documents and/or Fund Prospectus as they prevailed on the Inclusion Date, including, without limitation, an amendment to the timetable for payment of redemption proceeds upon redemption.

(D) If any of the Issuer, any of its affiliates or any Hedge Provider redeems Reference Assets or is entitled to any other amount and:

(I) does not receive the full proceeds of such redemption or amount in cash in accordance with the timing set out in the Fund Documents or the Fund Prospectus; or

(II) receives any in-kind distribution in full or part satisfaction of the redemption proceeds or such other amount paid or payable to it,

or the Issuer or the Calculation Agent on its behalf determines that either (I) or (II) above would be applicable were the Issuer, any of its affiliates or any Hedge Provider to redeem Reference Assets or be entitled to actual payment of any such other amount.

(v) Fund Adviser and Fund Service Provider Failures:

(A) The Fund Adviser indicates or acknowledges that in its opinion the strategy/investment objective of the Fund will not be, or is no longer able to be, met.

(B) Any representations, covenants or agreements of the Fund Adviser under the investment management agreement or investment advisory agreement (howsoever described) relating to the Fund have been breached and not cured.

(C) Any of: (a) the resignation, termination of appointment or replacement of the Fund Adviser from its role as such occurs or the resignation, termination of appointment or replacement of any other Fund Service Provider from its role as such occurs with respect to the Fund or (b) any change in the personnel of any Fund Service Provider occurs which the Issuer or the Calculation Agent on its behalf considers materially adversely affects the ability of such Fund Service Provider to carry out its duties with respect to the Fund.

(D) The Issuer or the Calculation Agent on its behalf becomes aware of any failure by the Fund or any person on its behalf to disclose to the Issuer or the Calculation Agent on its behalf, on or before the Inclusion Date, any information, event or circumstance that was in existence on such date and that would have been necessary to enable the Issuer or the Calculation Agent to make an informed assessment of the

assets and liabilities, financial position and prospects of the Fund and of the rights attaching to the Reference Assets.

(vi) General: Any other event occurs which the Issuer or the Calculation Agent on its behalf determines is analogous to any of the events specified in sub-paragraphs (i) to (v) above.

(c) Consequences of a Fund Event.

In respect of each Fund Event, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Issuer or the Calculation Agent on its behalf may take any of following actions (each, a “**Permitted Action**”):

- (i) (A) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines appropriate to account for the economic effect on the Securities of such Fund Event and (B) determine the effective date of the relevant adjustments; or
- (ii) select a Replacement Fund and a Substitution Date. Following any such selection (A) the Replacement Fund shall replace the affected Fund on the Substitution Date, (B) references herein to the name of the affected Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (C) the Issuer or the Calculation Agent on its behalf may make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions in relation to the Securities to reflect such substitution; or
- (iii) accelerate all, but not some only, of the Securities, on the date notified to Holders in accordance with General Condition 4; or
- (iv) make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as the Issuer or the Calculation Agent on its behalf determines are necessary to reflect a notional liquidation of all of the Reference Assets (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Reference Assets at the relevant time) and a notional investment of the liquidation proceeds in either (A) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Security equal to the Issue Price of the Security or, where this is not possible or practicable (as determined by the Issuer or the Calculation Agent on its behalf) or (B) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Issuer in respect of such a deposit as determined by the Issuer or the Calculation Agent on its behalf or, if it is not possible or practicable to comply with subclauses (A) or (B) of this Product Condition 4(c)(iv) (as determined by the Issuer or the Calculation Agent on its behalf), (C) commercial paper rated at least A1/P1 or above by Moody’s Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be notionally charged to the Securities) (any of (A), (B) or (C), a “**Suspension Asset**”).

Notwithstanding that the Issuer or the Calculation Agent on its behalf may have previously determined not to take a Permitted Action, or to take one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Fund Event (whether on one or any number of occasions). In such respect, the Issuer or the Calculation Agent on its behalf may make such adjustments to any variable, calculation methodology, valuation, settlement or payment terms or any other terms and conditions of the Securities as it determines appropriate to account for the decision subsequently or concurrently made.

Notwithstanding anything in this sub-paragraph 4(c), neither the Issuer nor the Calculation Agent is under any obligation to determine that a Fund Event has occurred or to take any or all of the Permitted Actions. Any determinations made by the Issuer or the Calculation Agent on its behalf in respect of any of the Permitted Actions shall, in the absence of manifest error, be binding.

(d) Fund Event Methodology and Determinations:

- (i) If, in respect of any determination or calculation hereunder which is made by reference to an official or estimated NAV of a Fund provided or published by or on behalf of the Fund or, where the Fund is an exchange traded fund, the last reported trading price of the Reference Asset on the Exchange in respect of a particular date, the Issuer or the Calculation Agent on its behalf determines that such value does not fairly represent the value of the Fund or Reference Asset as of such date, or that no such value is provided or published, then the Issuer or the Calculation Agent on its behalf may use such other value as it determines as representing a fair NAV or price, as applicable, as of such date or, alternatively, may use a preceding official or estimated value where it believes that such preceding official or estimated value gives a fairer representation than the more recent figure.
- (ii) Should the Fund operate equalisation procedures in respect of performance or incentive based fees, the Issuer or the Calculation Agent on its behalf may make such adjustments to these Product Conditions as the Issuer or the Calculation Agent on its behalf determines appropriate to account for such equalisation in an equitable manner and, where such equalisation procedures operate by the issuance of different classes of shares in the Fund, then each of the Issuer and the Calculation Agent is permitted to deem any notional subscription or redemption on behalf of the Securities to be in such order and in respect of such classes as appear to it to be equitable and reasonable or to deem the return of such shares to be based on a benchmark or average of the different classes.
- (iii) For the avoidance of doubt and notwithstanding any other Condition, the Issuer and the Calculation Agent on its behalf shall be entitled to make any determination, waiver, declaration or decision with regard to a Fund Event and, without limitation, may make such determination, waiver, declaration or decision by reference to the establishment, operation and/or efficacy (whether actual or anticipated) of any Relevant Hedging Transaction. Neither the Issuer nor the Calculation Agent is under any obligation to monitor or determine whether

or not a Fund Event has occurred and will not be required to, and will not be responsible for any failure to, make any determination, waiver, declaration or decision whatsoever in relation to a Fund Event. In making or omitting to make any such determination, waiver, declaration or decision, neither the Issuer nor the Calculation Agent shall be under any fiduciary duty towards the Holders and, for the avoidance of doubt, neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by Holders in connection with the Securities as a result thereof, howsoever arising.

- (e) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “**significant new factors**” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO BASKET RELATED CAPITAL PROTECTED NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Bond Index Component Performance**” means (if applicable) the performance of the Bond Index Components determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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 formula specified in the definition of the relevant Series in the applicable Final Terms, less Expenses.

The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent(s) and clearance system specified as such in the applicable Final Terms 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 each commodity (if any) specified as such in the definition of Commodity Component specified in the definition of Basket, subject to Product Condition 4;

“**Commodity Component Performance**” means (if applicable) the performance of the Commodity Components determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“Commodity Reference Price” means in relation to each Commodity and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount equal to the price of the Commodity on the Exchange at the Valuation Time on a Valuation Date, the Interim Amount Cash Settlement Date or the Issuer Call Date, as applicable, 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 Commodity Reference Price on such date having regard to the then prevailing market conditions, the last reported price of the Commodity and such other factors as the Calculation Agent determines to be relevant, subject to adjustment in accordance with Product Condition 4;

“Coupon” means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** 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
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means, in relation to each Commodity (if applicable), the exchange or quotation system specified as such in the definition of Basket or any successor to such exchange or quotation system and, in relation to each Index (if applicable), the exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities 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 due following exercise or otherwise in respect of such Security;

“**Final Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Index**” means each index (if any) specified as such in the definition of Index Component, Real Estate Index Component and Bond Index Component, in each case if applicable, specified in the definition of Basket, subject to Product Condition 4;

“**Index Component Performance**” means (if applicable) the performance of the Index Components determined in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Index Reference Price**” means, in relation to each Index and unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on a Valuation

Date, Interim Amount Cash Settlement Date or Issuer Call Date, as applicable, as determined by 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 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, subject to adjustment in accordance with Product Condition 4;

“Initial Commodity Reference Price” means, in relation to each Commodity and unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount equal to the price of the Commodity on the Exchange at the Valuation Time on the Pricing 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 such Commodity on such date having regard to the then prevailing market conditions, the last reported price of the Commodity and such other factors as the Calculation Agent determines to be relevant;

“Initial Index Reference Price” means, in relation to each Index and unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on the Pricing Date as determined by 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 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;

“Interest Amount” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, 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, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“Interest Rate” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate (if any) specified as such, or

determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Interim Cash Settlement Amount” means, if **“Interim Cash Settlement Amount”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent on the Interim Cash Settlement Valuation Date in accordance with the formula set out in the applicable Final Terms, less Expenses.

The Interim Cash Settlement Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Interim Cash Settlement Amount Payment Date” means, if **“Interim Cash Settlement Amount”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, three Business Days following the Interim Cash Settlement Amount Valuation Date;

“Interim Cash Settlement Amount Valuation Date” means, if **“Interim Cash Settlement Amount”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms, 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 Interim Cash Settlement Amount 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 Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been an Interim Cash Settlement Amount Valuation Date. In that case (a) the last day of the Relevant Number of Trading Days shall be deemed to be the Interim Cash Settlement Amount Valuation Date (regardless of the Market Disruption Event); and (b) the Calculation Agent shall determine the Index Reference Price (if applicable) or the Commodity Reference Price (if applicable) as the case may be, having regard to the then prevailing market conditions, the last reported trading price of the Commodity (if applicable) and the Shares (if applicable) on the Exchange and such other factors as the Calculation Agent determines to be relevant;

“Issue Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified as such in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so require;

“Real Estate Index Component Performance” means (if applicable) the performance of the Real Estate Index Components determined in accordance with the formula specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 (if applicable) or on the Index (if applicable) are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means each Series of basket related capital protected notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series;

“Series” means the series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“Trading Day” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, in relation to each Index (if applicable), any day on which the Index Sponsor should calculate and publish the closing level of the Index according to its rules and, in relation to each Commodity (if applicable), 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 or dates specified as such in the definition of the relevant Series in the applicable Final Terms or if such day is not a Trading Day the next succeeding Trading Day 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 Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event) and (b) the Calculation Agent shall determine the Index Reference Price (if applicable) or the Commodity Reference Price (if applicable) as the case may be, having regard to the then prevailing market conditions, the last reported trading price of the Commodity (if applicable) or the Shares (if applicable) on the Exchange and such other factors as the Calculation Agent determines to be relevant;

“Valuation Time” means:

- (a) unless specified otherwise in the definition of the relevant Series in the applicable Final Terms:
 - (i) with respect to Oil (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), the close settlement price per barrel of West Texas Intermediate light sweet crude oil on the NYMEX of the first WTI light sweet crude oil futures contract and in the case of each Commodity, such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and
 - (ii) with respect to Natural Gas (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), the close settlement price per one million British thermal units (MMBTU) of Natural Gas on the NYMEX of the first Henry Hub Natural Gas Futures Contract and in the case of each Commodity, such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and
 - (iii) with respect to Aluminium (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), and Copper (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), the close of the second ring session on the Exchange and in the case of each Commodity, such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4; and
 - (iv) with respect to each Index (if specified as applicable in the definition of Commodity Component specified in the definition of Basket), the time with reference to which the Index Sponsor calculates the closing level of the relevant Index or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4; and
- (b) with respect to any other component to the Basket, the time specified as such in the applicable Final Terms; and

“Weight” means for each Commodity (if applicable) and each Index (if applicable) the percentage 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect

the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “**Issuer Call**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interim Cash Settlement Amount. If “**Interim Cash Settlement Amount**” is specified as “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the Issuer shall pay or cause to be paid an amount in respect of each Security equal to the Interim Cash Settlement Amount on the Interim Cash Settlement Amount Payment Date.
- (d) Interest Amount. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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 or the Issuer Call Date (if applicable), as the case may be.
- (e) Interest Accrual. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption Event.
- (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 either (a) if “**Modified Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “**Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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, any Interest Amount, Issuer Call Cash Amount or any Interim Cash Settlement Amount.
- (h) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are

cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.

- (i) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (j) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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**” relating to a Commodity (if applicable) 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 or 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 Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Final Valuation Date as the case may be and/or on each of the three Trading Days following the Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Final Valuation Date as the case may be 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 Related Exchange is located; or
- (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.

A “**Market Disruption Event**” relating to an Index (if applicable) means:

- (a) a general moratorium is declared in respect of banking activities in the country in which the Exchange or Related Exchange is located;
- (b) 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 (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise);
- (c) 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

- (d) 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 the Commodity (if applicable) and the Index (if applicable)
- (1) If a Commodity (an “**Affected Commodity**”) for any reason ceases to exist, the Calculation Agent may determine in its sole discretion to either (A) replace that Affected Commodity by a successor commodity which has in the determination of the Calculation Agent the same or substantially similar structure and a substantially similar economic impact as such Affected Commodity and is of a similar type to such Affected Commodity or (B) remove the Affected Commodity from the Basket and allocate the price of such Affected Commodity, pro rata to the remaining Commodities in the Basket.
 - (2) Adjustments to the 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 any 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 relevant Index, then (in either case) the relevant 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 Interim Cash Settlement Amount Valuation Date, the relevant 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 any Index or in any other way materially modifies an 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 or prior to the Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Issuer Call Date, as the case may be the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish any Index; then (in either case) the Calculation Agent shall determine the level of the Index using, in lieu of a published level for the relevant Index on the Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Issuer Call Date, as the case may be, the level for the relevant Index as determined

by the Calculation Agent in accordance with the formula for and method of calculating the relevant Index last in effect prior to the change or failure, but using only those securities that comprised the relevant 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, shall deem such modified Index to be the Index so calculated and announced or shall 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 relevant 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 relevant Index as it considers appropriate in order so to account for: (A) a distribution or dividend to existing holders of the Shares 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 of the Shares 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 of the Shares 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 of the Shares 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 of the Shares, 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 Interim Cash Settlement Amount Valuation Date, the relevant Valuation Date or the Issuer Call Date, as the case may be; (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; and (H) any other similar event having a dilutive or concentrative effect on the theoretical value of the Shares.
- (iv) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the Exchange.

The Calculation Agent may make 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. In making any such determination and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and in a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “**significant new factors**” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO COMMODITY NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means, unless for the relevant Series “**Basket**” is specified in the applicable Final Terms as being “**Not Applicable**”, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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 each commodity specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Commodity Performance**” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula:

$$(\text{Final Reference Price} / \text{Initial Reference Price}) - 1 \times (\text{IER/FER});$$

“**Coupon**” means, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** 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
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) **Nationalisation.** Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) **Illiquidity.** It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) **Change in Law.** A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) **Imposition of Tax/Levy.** The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) **Unavailability of Settlement Currency.** The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the

Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or

- (x) 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;

“Exchange” means, with respect to each Commodity, the exchange specified as such in the definition of **“Basket”** or specified as such in the definition of the relevant Series in the applicable Final Terms or any successor to such exchange;

“Exchange Rate” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, the mid price of 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 (i) the exercise of such Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of such Security;

“Final Exchange Rate” (**“FER”**) means the Exchange Rate on the Valuation Date;

“Final Reference Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, 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 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 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 to be relevant;

“Final Terms” means the document containing the specific terms relating to the Securities;

“Form” means Global;

“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 Relevant Currency Exchange Rate;

“Initial Exchange Rate” (**“IER”**) means the Exchange Rate on the Pricing Date;

“Initial Reference Price” means, unless specified otherwise in the definition of the relevant Series in the applicable Final Terms, an amount, subject to adjustment in accordance with Product Condition 4, equal to the price of the Commodity on the Exchange at the Valuation Time on the Pricing Date, as determined by or on behalf of 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 on such date) a price 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;

“Interest Amount” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, 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, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interest Period” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue Date to (but excluding) the first Interest Payment Date or the Issuer Call Date, as the case may be, and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date or the Issuer Call Date, as the case may be;

“Interest Rate” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate per annum specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interest Rate Day Count Fraction” means, if **“Interest”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified as such in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“Issuer Call” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“Issuer Call Cash Amount” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the amount specified, or determined by the Calculation Agent in accordance with the formula specified, in the definition of Issuer Call Cash Amount for the relevant Series in the applicable Final Terms, less Expenses. The Issuer Call Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Issuer Call Commencement Date” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Issuer Call Date” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms 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 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 Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event) would have been an Issuer Call Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Issuer Call Date (regardless of the Market Disruption Event) and (ii) the Calculation Agent shall determine the Issuer Call Cash Amount 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 to be relevant or, if no such date is specified, in the notice delivered in accordance with Product Condition 3(b);

“Issuer Call Notice Period” means, if **“Issuer Call”** is specified as being **“Applicable”** in the definition of the relevant Series in the applicable Final Terms, the period specified as such in the definition of the relevant Series in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4, any Additional Market Disruption Events specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maturity Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Nominal Amount” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Participation” means the rate specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 2) System is open;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, 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 Commodity are traded;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means, each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“Relevant Number of Business Days” means the number of Business Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Relevant Number of Trading Days” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“Securities” means each Series of the notes relating to each Commodity specified in the applicable Final Terms and each such note a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” mean each Series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the Maturity Date or if later, the Relevant Number of Business Days following the Valuation Date;

“Standard Currency” means unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“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 each currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Valuation Date**” means the date or dates specified in the definition of the relevant Series in the applicable Final Terms 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 Relevant Number of 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 last day of the Relevant Number of Trading Days 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 on the Exchange and such other factors as the Calculation Agent determines to be relevant;

“**Valuation Time**” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms 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, unless for the relevant Series “**Basket**” is specified in the applicable Final Terms as being “**Not Applicable**”, for each Commodity, the percentage specified as such in the definition of Basket of the relevant Series in the applicable Final Terms, 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depositary for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of

Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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) Issuer Call. If “**Issuer Call**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the Issuer may redeem the Securities in whole, but not in part, on any Issuer Call Date at the Issuer Call Cash Amount by giving Holders at least the Issuer Call Notice Period notice of its intention to redeem 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) Interest Amount. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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 and the Issuer Call Date (if applicable).
- (d) Interest Accrual. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, each Security shall cease to accrue interest from and including the due date for redemption. No interest shall accrue after the Maturity Date or the Issuer Call Date, as the case may be, in the event that payment of any amount is postponed due to a Market Disruption 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 either (a) if “**Modified Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the

next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “**Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and, in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.

- (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, any Issuer Call Cash Amount or any Interest Amount.
- (g) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (h) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (i) **Presentation and Surrender.** Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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. 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
 - (ii) Trading Suspension. The material suspension of trading on the Exchange or any Related Exchange; or
 - (iii) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of trading of the Commodity on the Exchange; or
 - (iv) 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
 - (v) Material Change in Content. The occurrence, since the Issue Date, of a material change in the content, composition of the Commodity; or
 - (vi) 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
 - (vii) 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
 - (viii) 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
 - (ix) 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.
- (b) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “**significant new factors**” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO INDEX AND INFLATION INDEX NOTES

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, 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 the Principal Agent and Agent(s), each as specified in the applicable Final Terms, and/or The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, 8022 Zurich, Switzerland (the “**Swiss 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;

“**Basket**” means, unless Basket is specified as Not Applicable in the applicable Final Terms, the basket specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4;

“**Business Day**” means, unless specified otherwise in the applicable Final Terms, 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 formula specified as such in the definition of the relevant Series in the applicable Final Terms, less Expenses. The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means each clearing agent and clearance system specified as such in the applicable Final Terms 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, if the Securities are interest bearing, an interest coupon attached to each Security (if in definitive form) (if any) representing an entitlement in respect of an Interest Amount;

“**Emerging Market Disruption Event**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (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 or in the principal financial centre of the Relevant Currency; or
- (ii) Price Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or

- (iii) Governmental Default. 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
- (iv) Inconvertibility/non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation 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 Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) 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;

“**Exchange**” means, in respect of each Index, the exchange or quotation system from which the Index Sponsor takes the prices of the shares or other securities that comprise the Index (the “**Shares**”) to compute the relevant 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 Terms**” means the document containing the specific terms relating to the Securities;

“**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 Relevant Currency Exchange Rate;

“**Index**” means each index specified as such in the definition of the Basket or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4, and “**Indices**” shall be construed accordingly;

“**Index Final Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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 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, subject to adjustment in accordance with Product Condition 4;

“**Index Initial Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Index at the Valuation Time on the Pricing 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 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, subject to adjustment in accordance with Product Condition 4;

“**Index Sponsor**” means the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index or Inflation Index, as applicable and (ii) announces (directly or through an agent) the level of the relevant Index or Inflation Index, as applicable on a regular basis and references to Index Sponsor shall include any successor index sponsor pursuant to Product Condition 4;

“**Inflation Index**” means each inflation index specified as such in the definition of the Basket or specified as such in the definition of the relevant Series in the applicable Final Terms, subject to Product Condition 4 and “**Inflation Indices**” shall be construed accordingly;

“**Inflation Index Final Reference Price**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the level of the Inflation Index for the Valuation Month, published by the

Index Sponsor, as determined by the Calculation Agent without regard to any subsequently published correction. Any revision or amendment to the level of the Inflation Index after the initial publication thereof shall be disregarded for the purposes of determining the relevant level unless the Inflation Index is re-based as a result of such revision or amendment, in which case the level of the Inflation Index shall be subject to such amendments as the Calculation Agent, acting in its sole and absolute discretion, considers appropriate to preserve the economic features of the Securities. If, in the determination of the Calculation Agent, no such level can be determined (and no Market Disruption Event has occurred and is continuing), the level of the Inflation Index shall be a level determined by the Calculation Agent as its good faith estimate of the level of the Inflation Index for the relevant Valuation Month having regard to the last published level of the Inflation Index and such other factors as the Calculation Agent determines relevant;

“**Interest Amount**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, the dates specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Interest Period**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, 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, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interest Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“**Interest Rate Day Count Fraction**” means, if “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, that interest shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“**Issue Date**” means the date specified as such in the applicable Final Terms;

“**Issuer**” means The Royal Bank of Scotland 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 may be specified in the applicable Final Terms;

“**Market Disruption Event**” means each event specified as such in Product Condition 4, any Additional Market Disruption Event specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“**Maturity Date**” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Nominal Amount**” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“**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 2) System is open;

“**Pricing Date**” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

“**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;

“**Relevant Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the Exchange or the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (“**ADR**”) or Global Depositary Receipt (“**GDR**”), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable 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;

“**Relevant Number of Months**” means the number of months specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Relevant Number of Trading Days**” means the number of Trading Days, if any, specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Securities**” means each Series of the index and inflation index notes specified in the applicable Final Terms and each such note a “**Security**”. References to the terms “**Securities**” and “**Security**” shall be construed severally with respect to each Series specified in the applicable Final Terms;

“**Series**” mean each Series of Securities set out in the applicable Final Terms;

“**Settlement Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Settlement Date**” means the Maturity Date or such other date as specified in the definition of the relevant Series in the applicable Final Terms;

“**Standard Currency**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**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 in the applicable Final Terms;

“**Valuation Date**” means the date or dates specified as such in the definition of the relevant Series in the applicable Final Terms or, if any such day is not a Trading Day, the next following Trading Day, 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 Relevant Number of 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 last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Calculation Agent shall determine the Index 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;

“**Valuation Month**” means each month specified as such in the definition of the relevant Series in the applicable Final Terms unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred with respect to any month in which case that Valuation Month shall be the first succeeding calendar month for 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 Relevant Number of Months immediately following the original month which (but for the Market Disruption Event) would have been the Valuation Month. In that case (a) the last month of the Relevant Number of Months shall be deemed to be the Valuation Month (regardless of the Market Disruption Event) and (b) the Calculation Agent shall determine the level of the Inflation Index having regard to the then prevailing market conditions, the last published level of the Inflation Index and such other factors as the Calculation Agent determines to be relevant; and

“**Valuation Time**” means, in respect of an Index, the time with reference to which the Index Sponsor calculates the closing level of the relevant 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 the form described in either Product Condition 2(b) or 2(c), the Securities will be issued in bearer form in the denomination of the Nominal Amount. The Securities are represented by a global security (the “**Global Security**”) which will be deposited with a Clearing Agent or the depository for one or more Clearing Agents 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 of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the nominal amount 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 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.

If CREST is specified as the Clearing Agent in the relevant Final Terms, the Securities will be cleared through CREST. Such Securities will be registered securities in dematerialised and uncertificated form, and will be (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the “**Regulations**”).

Securities cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator (as defined below). No transfer of such Securities will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

In the case of Securities cleared through CREST, title to the Securities is recorded on the relevant Operator register of corporate securities (as defined in the Regulations). The Registrar on behalf of the Issuer will maintain a register of such Securities recorded on the relevant Operator register of corporate securities (the “**Register**”) and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Securities shall be treated by the Issuer and the Registrar as the holder of such Securities for all purposes and (ii) neither the Issuer nor the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in

reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Securities (and the expression “**Holder**” and related expressions shall be construed accordingly).

Any reference to the “**Operator**” (as such term is used in the Regulations) shall be to CREST and shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Holders in accordance with General Condition 4.

Any indication herein that the Operator “**shall do**”, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in the Conditions and/or the applicable Final Terms, as the case may be, is given without any assumption by the Issuer, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

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 Amount. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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. If “**Interest**” is specified as being “**Applicable**” in the definition of the relevant Series in the applicable Final Terms, 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 amount is postponed due to a Market Disruption Event.
- (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 either (a) if “**Modified Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day unless such Payment Day falls in the next calendar month in which case the date for payment will be the first preceding Payment Day or (b) if “**Following**” is specified in the definition of Business Day Convention for the relevant Series in the applicable Final Terms, the next following Payment Day and in either case, the Holder shall not be entitled to any interest or other payment in respect of such delay or acceleration of payment.
- (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 the Cash Amount or any Interest Amount.
- (f) Settlement Risk. Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and none of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. None of the Issuer, any Agent nor where the Securities are cleared through CREST, the Registrar 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.
- (g) Method of Payment. Subject as provided below, where any amount paid in connection with the Securities 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 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (h) Presentation and Surrender. Unless the Securities are cleared through CREST, the Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the

only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid. Where the Securities are cleared through CREST, General Condition 20 shall apply.

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**”, in relation to an Index, means (i) a general moratorium is declared in respect of banking activities in the country in which the 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 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 (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.

“**Market Disruption Event**”, in relation to an Inflation Index, means the Index Sponsor fails to calculate and announce the level of the Inflation Index.

- (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 a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced 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 a relevant 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 or prior to the Valuation Date the Index Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or publish a relevant Index; then (in either case) the Calculation Agent shall determine the Index Final Reference Price using, in lieu of a published level(s) 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 shall 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 relevant 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 so to account for: (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 of the Shares 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 of the Shares 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 of the Shares 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 of the Shares, provided that, in all cases, the related ex-dividend date occurs during the period from and

including the Issue Date up to but 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.

- (c) Adjustments to the Inflation 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 Inflation Index is (A) not calculated and announced in its usual way but is calculated and published in a different way but in a way acceptable to the Calculation Agent; or (B) replaced by a successor inflation 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 relevant Inflation Index, then (in either case) the relevant Inflation Index will be deemed to be the Inflation Index so calculated and announced by that successor index, as the case may be.
- (2) If (A) on or prior to any calculation of the level of the Inflation Index there is a material change in the formula for or the method of calculating the Inflation Index or the Index Sponsor, in any other way, materially modifies the Inflation Index (other than a modification prescribed in that formula or method to maintain the Inflation Index in the event of changes in constituent securities and other routine events) then the Calculation Agent shall (a) determine the Inflation Index level using, in lieu of a published level for the Inflation Index, the level for the Inflation Index as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner or, (b) shall deem such modified Inflation Index to be the Inflation Index so calculated and announced or (c) shall terminate the Securities by giving notice in accordance with General Condition 4.
- (d) (1) The Issuer reserves the right to issue further Securities, 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 either 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 to be required to take account of provisions of the laws of the relevant jurisdiction or the practices of the relevant exchange.
- (2) The Calculation Agent may make 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. In making any determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute “**significant new factors**” and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

FORM OF FINAL TERMS

Dated []



The Royal Bank of Scotland N.V.
(incorporated in The Netherlands with its statutory seat in Amsterdam)

[NUMBER] [UNDERLYING] [TYPE OF PRODUCT] [NOTES]

[INDICATIVE] ISSUE PRICE: [][]

[SECURITIES WITH ROLLOVER FEATURE ADMITTED TO TRADING ON SICOACH SWITZERLAND LTD. AND LISTED ON SIX SWISS EXCHANGE LTD. ONLY:

THESE SECURITIES PROVIDE FOR A DYNAMIC STRUCTURE WITH REGARD TO AN ADJUSTMENT OF THE UNDERLYING] [SPECIFY OTHER]

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR POLITICAL SUBDIVISION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE U.S. STATE SECURITIES LAWS. THE SECURITIES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) IN OFFSHORE TRANSACTIONS THAT MEET THE REQUIREMENTS OF REGULATIONS UNDER THE SECURITIES ACT. FURTHERMORE, TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED.

THE SECURITIES DO NOT CONSTITUTE UNITS OF COLLECTIVE INVESTMENT SCHEMES WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA") AND ARE NOT SUBJECT TO THE APPROVAL OF, OR SUPERVISION BY THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY ("FINMA"). HOLDERS OF THE SECURITIES ARE EXPOSED TO THE CREDIT RISK OF THE ISSUER.

FINAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions and the Product Conditions applicable to each Series of Securities described herein (the “relevant Product Conditions”) as set forth in the Base Prospectus relating to Notes dated 1 July 2011 (the “Base Prospectus”), as supplemented from time to time, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of each Series of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented. Full information on the Issuer and each Series of the Securities described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. The Base Prospectus as so supplemented is available for viewing at the office of the Issuer at 250 Bishopsgate, London EC2M 4AA, United Kingdom and copies may be obtained from the Issuer at that address.

These Final Terms relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions and the relevant Product Conditions contained in the Base Prospectus as so supplemented. These Final Terms, the relevant Product Conditions and the General Conditions together constitute the Conditions of each Series of the Securities described herein and will be attached to any Global Security representing each such Series of the Securities. In the event of any inconsistency between these Final Terms and the General Conditions or the relevant Product Conditions, these Final Terms will govern.

The Netherlands Authority for the Financial Markets has provided the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.

In respect of Securities to be listed on the SIX Swiss Exchange Ltd, the Programme, together with any Final Terms, will constitute the listing prospectus pursuant to the Listing Rules of the SIX Swiss Exchange Ltd.

So far as the Issuer is aware, no person (other than the Issuer in its separate capacities as Issuer and Calculation Agent, see “Risk Factors - Actions taken by the Calculation Agent may affect the Underlying” and “Risk Factors – Actions taken by the Issuer may affect the value of the Securities” in the Base Prospectus) involved in the issue of the Notes has an interest material to the offer. [NB: Amend as appropriate if there are interests]

Issuer:

- (a) Issuer: The Royal Bank of Scotland N.V., acting through [its principal office at Gustav Mahlerlaan 350 17A90, 1082 ME Amsterdam, The Netherlands] [its London branch at 250 Bishopsgate, London EC2M 4AA] [other]

(b) Proposed Transfer to The Royal Bank of Scotland plc¹:

RBS is [not expected]/[expected] to become the issuer of the Securities as a result of the Part VII Scheme [(unless the Securities have been exercised, redeemed or repurchased and cancelled prior to the implementation of the Part VII Scheme)][include if RBS is expected to become the issuer of the Securities as a result of the Part VII Scheme]

Note that if it is stated that RBS is expected to become the issuer of the Securities as a result of the Part VII Scheme, this means that the Securities are expected to be subject to the Part VII Scheme which, subject to such scheme being implemented, would result in the Issuer of the Securities becoming The Royal Bank of Scotland plc.

If it is stated that RBS is not expected to become the issuer of the Securities as a result of the Part VII Scheme, this means that RBS is not expected to become the issuer of the Securities as part of the Proposed Transfers generally.

Refer to the section of the Base Prospectus entitled “General Information – Part A: General – Proposed Transfers”, for further information.

Clearing Agents:

[Clearstream Banking AG]
[Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Netherlands)]
[Euroclear Bank S.A./N.V. as operator of the Euroclear system]
[Clearstream Banking, société anonyme]
[SIX SIS Ltd]
[Euroclear UK and Ireland Limited (“CREST”)]
[specify other, including address]

Subscription Period:

[] [Not Applicable]

Pricing Date(s):

[]

Launch Date:

[] [Not Applicable]

As, if and when issued trading:

[] [Not Applicable]

Issue Date:

[]

Listing:

[] [Application has been made by the Issuer (or on its behalf) for the Securities to be listed on SIX Swiss Exchange Ltd. and admitted to trading on Scoach Switzerland Ltd.]

Listing Date:

[]

Admission to trading:

[Application has been made for the Securities to be admitted to trading on [] with effect from [].] [No application for admission to trading has been made]
[Application has been made by the Issuer (or on its behalf) for the Securities to be listed on SIX Swiss Exchange Ltd. and admitted to trading on Scoach Switzerland Ltd., provided that

¹ This paragraph should only be included from on or around the date of an announcement regarding the transfer of existing securities issued by RBS N.V. under the Part VII Scheme that indicates whether RBS is expected to become the issuer of such securities.

no assurance can be given that the Securities will be admitted to trading on Scoach Switzerland Ltd. or listed on SIX Swiss Exchange Ltd. on the Issue Date or any specific date thereafter.] [Securities listed on SIX Swiss Exchange Ltd. may be suspended from trading in accordance with Article 57 of the SIX Listing Rules or be de-listed from SIX Swiss Exchange Ltd. during the lifetime of the Securities.]

(Where documenting a fungible issue need to indicate that original Securities are already admitted to trading.)

[If, following the date of these Final Terms, but before the later of (i) the closure of the offer for the Securities; and (ii) if applicable, the admission of the Securities to trading on [Euronext Amsterdam N.V./ specify] the Base Prospectus (the “**Original Prospectus**”) is supplemented, updated or replaced (including replacement following the expiry of the Original Prospectus) then the Issuer shall be entitled, without the consent of any Holder, any prospective Holder or any other person, to amend these Final Terms so as to provide, and/or replace these Final Terms with ones which provide that references to the Original Prospectus herein shall be to the Original Prospectus as amended, supplemented, updated or replaced (save that the terms and conditions applicable to the Securities shall be the Terms and Conditions set forth in the Original Prospectus).]

[These Final Terms supersede and replace those dated [] in relation to the Securities.]

Details of the minimum and/or maximum amount of application:

[Please refer to the section of the Base Prospectus entitled “General Information - Information on the Offering of the Securities - (d) Minimum/ Maximum Application Amount” / *give details*]

Manner in and date on which results of the offer are to be made public:

[Please refer to the section of the Base Prospectus entitled “General Information - Information on the Offering of the Securities - (f) Details of the Manner in Which the Results of the Initial Offer are to be Made Public” / *give details*]

Announcements to Holders:

[Delivered to Clearing Agents]

Principal Agent:

[The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA]

Registrar:

In respect of Securities cleared through CREST (defined below), [Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol, BS13 8AE, England.][TBD]

In respect of Securities not cleared through CREST, [*specify other*][None]”; [and]

Agent(s):

[The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA]

Calculation Agent:

The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA, United Kingdom

Form of the Securities:

[Global Security]

[Dematerialised form]

[Global Security transformed into Intermediated Securities] (*Only applicable to Securities where the Clearing Agent is SIX SIS Ltd*)

Dematerialised Securities transformed into Intermediated Securities] (*Only applicable to Securities where the Clearing*

Agent is SIX SIS Ltd)

Ratings:

[S & P: [Not Applicable/Rating assigned as per the applicable rating measure outlined in the section of the Base Prospectus entitled “General Information – Recent Developments – Ratings”/specify other]]

[Moody’s: [Not Applicable/Rating assigned as per the applicable rating measure outlined in the section of the Base Prospectus entitled “General Information – Recent Developments – Ratings”/specify other]]

[Fitch: [Not Applicable/Rating assigned as per the applicable rating measure outlined in the section of the Base Prospectus entitled “General Information – Recent Developments – Ratings”/specify other]]

[[The rating assigned to the Securities has been endorsed by: []

(delete if not applicable)]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to the Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]

(A statement should also be made as to whether the rating allocated to the Securities is by (i) a registered rating agency established in the EU; (ii) an unregistered rating agency established outside the EU; (iii) a rating agency established in the EU who is applying to be registered in the EU but is not yet registered; (iv) a third country rating agency that is endorsed by an EU registered rating agency; or (v) a third country rating agency that has not applied to be registered in the EU but is certified in accordance with the CRA Regulation).]²

²

Only complete the information contained in this placeholder if “specify other” has been selected above.

[Securities admitted to trading on Scoach Switzerland Ltd. and listed on SIX Swiss Exchange Ltd. only:]

First Trading Day:

[Specify other] [the Issue Date]

Last Trading Day:

[] [trading on Scoach Switzerland Ltd. until official close of trading on Scoach Switzerland Ltd. on that day]

Minimum Trading Size:

[]

Payment Day:

[Issue Date][Not Applicable]

Type of quoting (in case of interest component):

[flat/dirty trading or clean trading][not applicable]

Minimum Exercise:

[]

Governing Law:

The Securities are subject to English law

Jurisdiction:

The courts of England have exclusive jurisdiction to settle any dispute arising from or in connection with the Securities

Swiss Agent:

The Royal Bank of Scotland N. V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, CH-8022 Zurich, Switzerland, phone +41 44 285 58 58, fax +41 44 285 56 16

Recognised Representative for the purpose of Article 43 Listing Rules of the SIX Swiss Exchange Ltd:

The Royal Bank of Scotland N.V., Amsterdam, Zurich Branch, Lerchenstrasse 24, P.O. Box 2921, CH-8022 Zurich, Switzerland, phone +41 44 285 58 58, fax +41 44 285 56 16

Paying Agent:

The Royal Bank of Scotland N.V., 250 Bishopsgate, London EC2M 4AA, United Kingdom

Announcements to Holders / Publications:

Any notices or publications to be made to Holders will be made through the online information system of SIX Swiss Exchange Ltd., by publishing on SIX Swiss Exchange's website http://www.six-exchange-regulation.com/publications/communications/official_notices_en.html.

Issue Size of Series or Number of Securities

[]

Interest Ex-Date (in case of interest component):

[] [Not Applicable]

Type of quoting (in case of interest component):

[flat/dirty trading or clean trading] [Not Applicable]

RANGE ACCRUAL NOTES

Series:	<i>Range Accrual Notes due [] Series []</i>
Nominal Amount:	[] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent] <i>[specify other]</i>
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Indicative Target Rate:	[]
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] <i>[specify other]</i>
Interest Period:	[As stated in Product Condition 1][<i>specify other</i>][Not Applicable]
Interest Rate:	[In respect of the <i>[specify]</i> Interest Period[s], [] per cent. per annum] [Not Applicable] [In respect of the <i>[specify]</i> Interest Period[s], the rate determined in accordance with the following formula: Target Rate x (N/M) Where: “N” means the actual number of days in the relevant Interest Period on which [the daily fixing of the Reference Spread is equal to or above []] <i>[specify other]</i> ; and “M” means the actual number of days in the relevant Interest Period.] [Not Applicable] <i>[specify other]</i>
Interest Rate Day Count Fraction:	[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))]

[Not Applicable] [*specify other*]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [*specify other*] [Not Applicable]

Issuer Call Commencement Date: [] [Not Applicable]

Issuer Call Date: [*specify*] [See Issuer notice of call]

Issuer Call Notice Period: [] [Not Applicable]

Maturity Date: []

Rate 1: []

Rate 2: [] [Not Applicable]

Reference Banks: [The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for Rate 1, Rate 2, if applicable, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] [*specify other*]

Reference Spread Screen Page: [] [Not Applicable]

Relevant Currency: [The definition in Product Condition 1 applies] [*specify other*]

Settlement Currency: []

Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]

Valuation Time: [11.00 hours Central European Time] [*specify other*]

ISIN: []

Common Code: []

Fondscore: []

Other Securities Code: [] [*Symbol:*]

Indication of yield: []

[Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General

Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

Range Accrual Notes due []

Series []

[repeat as above for each new Series]

LADDER NOTES

Series:	<i>Ladder Notes due [] Series []</i>
Nominal Amount:	[] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent] <i>[specify other]</i>
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[] [and []] in each year up to and including the Maturity Date, with the first Interest Payment Date being []] [Not Applicable] <i>[specify other]</i>
Interest Period:	[As stated in Product Condition 1][<i>specify other</i>][Not Applicable]
Interest Rate:	[In respect of the <i>[specify]</i> Interest Period[s], [] per cent. per annum] [Not Applicable] [In respect of the <i>[specify]</i> Interest Period[s], the rate determined as follows: <i>[Specify applicable formulae, including any applicable definition of Reference Rate and Reference Rate Screen Page]</i> [Not Applicable] <i>[specify other]</i>
Interest Rate Day Count Fraction:	[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))] [Not Applicable] <i>[specify other]</i>
Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Date:	<i>[specify]</i> [See Issuer notice of call]
Issuer Call Notice Period:	[] [Not Applicable]
Maturity Date:	[]
Reference Banks:	[The principal London office of five leading banks in the London interbank market which ordinarily provide quotations for the Reference Rate or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected

Relevant Currency: by the Issuer in its absolute discretion] [*specify other*]
 Screen Page: [The definition in Product Condition 1 applies] [*specify other*]
 Settlement Currency: []
 Standard Currency: [The definition in Product Condition 1 applies] [*specify other*]
 Target Fixed Rate: []
 Valuation Date: [Five Business Days prior to the relevant Interest Payment Date] [or, in the case of an Issuer Call, the date specified as such in the notice delivered in accordance with Product Condition 3 or, if such day is not a Trading Day, the first succeeding Trading Day] [*specify other*]
 Valuation Time: [11.00 hours Central European Time] [*specify other*]
 ISIN: []
 Common Code: []
 Fondscode: []
 Other Securities Code: [] [*Symbol:*]
 Indication of yield: []

[Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as

defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

Ladder Notes due [] Series []

[repeat as above for each new Series]

TARGET COUPON NOTES

Series:	<i>[Share] [Share Basket]Target Coupon Notes due [] Series []</i>
Nominal Amount:	<i>[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	<i>[]</i>
Additional Market Disruption Events:	<i>[None] [specify]</i>
Averaging Dates:	<i>[Applicable][Not Applicable]</i>
Basket:	<i>[Applicable][Not Applicable]</i>
Share <i>[Type/ISIN]</i>	Share Company <i>[specify]</i>
Exchange <i>[specify]</i>	Bloomberg Code <i>[specify]</i>
Initial Reference Spot <i>[specify]</i>	Initial Reference Spot <i>[specify]</i>
Bonus Coupon Amount:	<i>[specify][Not Applicable]</i>
Business Day:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Business Day Convention:	<i>[Modified Following][Following]</i>
Cash Amount:	<i>[Nominal Amount] [specify other]</i>
Coupon Amount:	<i>[specify]</i>
Coupon Amount Payment Dates:	<i>[specify]</i>
Cumulative Coupon Amount:	<i>[$\left(\sum_{k=1}^n C_k\right)$ on the nth Coupon Amount Payment Date where “n” means 1 – [specify]] [specify other]</i>
Cut-Off Date:	<i>[In respect of any Valuation Date, the sixth Scheduled Trading Day following such Valuation Date][Five Business Days prior to the Maturity Date][specify other]</i>
Early Termination Date:	<i>[The date on which an Early Termination Event occurs][specify other]</i>
Early Termination Event:	<i>[When the Cumulative Coupon Amount on any Coupon Amount Payment Date (from and including the [specify] Coupon Amount Payment Date to and including the [specify] Coupon Amount Payment Date) [and excluding the Residual Coupon Amount (if applicable)] is equal to or exceeds the Target Coupon Level][specify other]</i>
Emerging Market Disruption Events:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Exchange:	<i>[] [see Basket]</i>
First Initial Fixing Date:	<i>[specify date][Not Applicable]</i>
Fixing Cut-Off Date:	<i>[The sixth Scheduled Trading Day following the First Initial Fixing Date][specify other][Not Applicable]</i>
Initial Reference Spot:	<i>[The arithmetic average of the prices of the Share at the Valuation Time on the Initial Fixing Dates][see Basket][specify other]</i>
Interest Entitlement:	<i>[(i) the relevant Coupon Amount on each of the relevant Coupon Amount Payment Dates [and (ii) the Residual Coupon Amount multiplied by the Nominal Amount on the Maturity Date, if the sum of all Coupon Amounts payable is less than the Target Coupon Level][and (iii) the Bonus Coupon Amount on the Bonus Coupon Amount Payment Date (as defined below) if the Cumulative Coupon Amount [(which for the avoidance of doubt shall not include the Residual Coupon</i>

	Amount)] in respect of any Coupon Amount Payment Date from and including the [specify] Coupon Amount Payment Date to and including the [specify] Coupon Amount Payment Date (such [specify] Coupon Amount Payment Date being the “ Bonus Coupon Amount Payment Date ”) is equal to or exceeds the Target Coupon Level. For the avoidance of doubt no Bonus Coupon Amount shall be paid if a Residual Coupon Amount is paid.))[specify other]
Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Cash Amount:	[Cash Amount] [specify other] [Not Applicable]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Date:	[specify] [See Issuer notice of call]
Issuer Call Notice Period:	[] [Not Applicable]
Maturity Date:	[]
Reference Spot:	Regarding the relevant Share in respect of any Valuation Date, [an amount equal to the price of such Share quoted on the Exchange at the Valuation Time on such 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 such day is not a Disrupted Day) 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 price of such Share on the Exchange and such other factors as the Calculation Agent determines relevant][the arithmetic average of the prices of the relevant Share at the Valuation Time on the Averaging Dates in respect of such Valuation Date][specify other]
Relevant Currency:	[The definition in Product Condition 1 applies] [specify other]
Relevant Number of Scheduled Trading Days:	Averaging Dates: [5, or in respect of an Emerging Market Disruption Event only, 180]
Residual Coupon Amount:	[specify][Not Applicable]
Settlement Currency:	[]
Settlement Date:	[(i) the Maturity Date or if later, the tenth Business Day following the last occurring Valuation Date or (ii) if an Early Termination Event has occurred, the Early Termination Date][specify other]
Share:	[] [see Basket]
S _i Dates:	[Initial Fixing Dates][Averaging Dates][immediately preceding Valuation Date][a Valuation Date][specify other]
Share Company:	[] [see Basket]
Standard Currency:	[The definition in Product Condition 1 applies] [specify other]
Target Coupon Level:	[specify]
Valuation Date:	[specify], [specify] and [specify]
ISIN:	[]
Common Code:	[]
Fondscore:	[]
Other Securities Code:	[] [Symbol:]
Indication of yield:	[] [Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Amendments to General Conditions or Product	[Not Applicable]

Conditions:

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities:

[]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Bloomberg page where information about the past [] and future performance of the Underlying and its volatility can be obtained:

Series: [Share] [Share Basket] Target Coupon Notes due [] Series []

[repeat as above for each new Series]

RATE NOTES

Series:	[Rate] Notes due [] Series []
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent][specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[In respect of the [specify] Interest Period[s], [] per cent. per annum] [In respect of the [specify] Interest Period[s], the rate determined in accordance with the following formula: [specify]] [Not Applicable] [specify other]
Interest Rate Day Count Fraction:	[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))] [Not Applicable] [specify other]
Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Cash Amount:	[Cash Amount] [specify other] [Not Applicable]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Date:	[specify] [See Issuer notice of call]
Issuer Call Notice Period:	[] [Not Applicable]
Maturity Date:	[]
Reference Banks:	[The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for the relevant Underlying Rate, if applicable, or any other

rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] *[specify other]*

Relevant Currency: [The definition in Product Condition 1 applies] *[specify other]*

Settlement Currency: []

Standard Currency: [The definition in Product Condition 1 applies] *[specify other]*

Underlying Rate(s): *[first rate]*

Screen Page: *[specify]*

Relevant Number of Days: *[specify]*

[repeat as appropriate for other rates]

Valuation Time: [11.00 hours Central European Time] *[specify other]*

ISIN: []

Common Code: []

Fondscod: []

Other Securities Code: [] *[Symbol:]*

Indication of yield: []

*[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.*

Amendments to General Conditions or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []

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Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore,

trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] *[specify other]*

Series:

[Rate] Notes due [] Series []

[repeat as above for each new Series]

ZERO COUPON NOTES

Series:	[Zero] Notes due [] Series []
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent][specify other]
Maturity Date:	[]
Settlement Currency:	[]
ISIN:	[]
Common Code:	[]
Fondscore:	[]
Other Securities Code:	[] [Symbol:]
Indication of yield:	[] [Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Amendments to General Conditions or Product Conditions:	[Not Applicable] [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.] (When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)
Amendments to the Offering Procedure for the Securities:	[] (When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

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The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

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Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] *[specify other]*

Series:

[Rate] Notes due [] Series []

[repeat as above for each new Series]

CURRENCY EXCHANGE NOTES

Series:	[Currency] Exchange Notes due [] Series []
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent][specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Exchange Rate(s):	[first rate] Screen Page: [specify] Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180] [repeat as appropriate for other rates]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[In respect of the [specify] Interest Period[s], [] per cent. per annum] [In respect of the [specify] Interest Period[s], the rate determined in accordance with the following formula: [specify]] [specify other] [Not Applicable]
Interest Rate Day Count Fraction:	[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))] [specify other] [Not Applicable]
Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Cash Amount:	[Cash Amount] [specify other] [Not Applicable]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Date:	[specify] [See Issuer notice of call]
Issuer Call Notice Period:	[] [Not Applicable]

Maturity Date: []
 Relevant Currency: [The definition in Product Condition 1 applies] *[specify other]*
 Settlement Currency: []
 Standard Currency: [The definition in Product Condition 1 applies] *[specify other]*
 Underlying Currenc[y/ies]: []
 Valuation Date: [[] Business Days before the Maturity Date] *[specify other]*
 Valuation Time: [11.00 hours Central European Time] *[specify other]*
 ISIN: []
 Common Code: []
 Fondscod[e]: []
 Other Securities Code: [] *[Symbol:]*
 Indication of yield: []

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

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Securities.

INFORMATION ON THE UNDERLYING

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Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

[*Currency*] Exchange Notes due [] Series []

[repeat as above for each new Series]

YIELD DISCOVERY NOTES

Series:	<i>Yield Discovery Notes due [] Series []</i>	
Nominal Amount:	[] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>	
Issue Price:	[]	
Additional Market Disruption Events:	[None] <i>[specify]</i>	
Basket:		
Share (ISIN)	Share Company	Exchange
<i>[specify]</i>	<i>[specify]</i>	<i>[specify]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>	
Business Day Convention:	[Modified Following][Following]	
Cash Amount:	[Nominal Amount x 100 per cent] <i>[specify other]</i>	
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>	
Initial Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>	
Interest:	[Applicable] [Not Applicable]	
Interest Payment Dates:	[[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] <i>[specify other]</i>	
Interest Period:	[As stated in Product Condition 1][<i>specify other</i>][Not Applicable]	
Interest Rate:	[In respect of the <i>[specify]</i> Interest Periods, <i>[specify any fixed rate]</i> per cent. per annum] [In respect of the <i>[specify]</i> Interest Periods, <i>[specify formula for determining any variable rate]</i>] <i>[specify other]</i> [Not Applicable]	
Interest Rate Day Count Fraction:	[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))] <i>[specify other]</i> [Not Applicable]	
Issuer Call:	[Applicable] [Not Applicable]	
Issuer Call Cash Amount:	[Cash Amount] <i>[specify other]</i> [Not Applicable]	
Issuer Call Commencement Date:	[] [Not Applicable]	
Issuer Call Date:	<i>[specify]</i> [See Issuer notice of call]	
Issuer Call Notice Period:	[] [Not Applicable]	
Maturity Date:	[]	
Relevant Currency:	[The definition in Product Condition 1 applies] <i>[specify other]</i>	

Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: []

Settlement Date: [Maturity Date [or, if later, the [] Business Day following the final Valuation Date]] [specify other]

Standard Currency: [The definition in Product Condition 1 applies] [specify other]

Valuation Date: [[] [and []] in each year up to and including the final Valuation Date on []] [specify other]

ISIN: []

Common Code: []

Fondscodex: []

Other Securities Code: [] [Symbol:]

Indication of yield: []
[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]

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INFORMATION ON THE UNDERLYING

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Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

Yield Discovery Notes due []

Series []

[repeat as above for each new Series]

CERTIFICATE NOTES

Series:	[Certificate] Notes due [] Series []		
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]		
Issue Price:	[]		
Additional Market Disruption Events:	[None] [specify]		
Basket:			
[“Certificate” [specify each Certificate and [ISIN] Code]	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">“Exchange” [Specify exchange] [Not Applicable]</td> <td style="width: 50%; vertical-align: top;">“Weight” [specify]</td> </tr> </table>	“Exchange” [Specify exchange] [Not Applicable]	“Weight” [specify]
“Exchange” [Specify exchange] [Not Applicable]	“Weight” [specify]		
Business Day:	[The definition in Product Condition 1 applies] [specify other]		
Business Day Convention:	[Modified Following][Following]		
Cash Amount:	[Nominal Amount x (100 per cent + Participation x Max [0, {Final Reference Price / Initial Reference Price} -1])] [specify other]		
Certificate:	[] [See Basket]		
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]		
Exchange:	[] [See Basket]		
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other]		
Initial Reference Price:	[The definition in Product Condition 1 applies] [specify other]		
Interest:	[Applicable] [Not Applicable]		
Interest Payment Dates:	[[] [and []] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] [specify other]		
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]		
Interest Rate:	[[] per cent. per annum] [Not Applicable] [specify other]		
Interest Rate Day Count Fraction:	[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))] [specify other] [Not Applicable]		
Issuer Call:	[Applicable] [Not Applicable]		
Issuer Call Cash Amount:	[Cash Amount] [specify other] [Not Applicable]		

Issuer Call Commencement Date: [Not Applicable]
 Issuer Call Date: [specify] [See Issuer notice of call]
 Issuer Call Notice Period: [Not Applicable]
 Maturity Date:
 Participation:
 Relevant Currency: [The definition in Product Condition 1 applies] [specify other]
 Relevant Number of Business Days:
 Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]
 Settlement Currency:
 Standard Currency: [The definition in Product Condition 1 applies] [specify other]
 Valuation Date(s):
 ISIN:
 Common Code:
 Fondscod:
 Other Securities Code: [Symbol:]
 Indication of yield:
 [Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

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Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Certificate] Notes due [] Series []

[repeat as above for each new Series]

INDEX NOTES

Series:	<i>[Index] Notes due [] Series []</i>
Nominal Amount:	<i>[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	<i>[]</i>
Additional Market Disruption Events:	<i>[None] [specify]</i>
Basket:	
["Index"]	"Weight"
<i>[specify each Index and Bloomberg Code]</i>	<i>[Specify percentage weight][Not Applicable]</i>
Business Day:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Business Day Convention:	<i>[Modified Following][Following]</i>
Cash Amount:	<i>[An amount equal to the larger of:</i> i) <i>Nominal Amount * Relevant Percentage 1; or</i> ii) <i>Nominal Amount * Relevant Percentage 1 + Nominal Amount *</i> $\min\left[100\% + \frac{\text{Final Reference Price} - \text{Initial Level}}{\text{Initial Level}}; \text{Relevant Percentage 2}\right]$
	<i>where:</i> Relevant Percentage 1 means <i>[specify]</i> ; and Relevant Percentage 2 means <i>[specify]</i> <i>[specify other]</i>
Emerging Market Disruption Events:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Final Reference Price:	<i>[The definition in Product Condition 1 applies] [specify other]</i>
Index:	<i>[] [Not Applicable]</i>
Initial Reference Price:	<i>[]</i>
Interest:	<i>[Applicable] [Not Applicable]</i>
Interest Payment Dates:	<i>[[] [and []]</i> in each year up to and including the Maturity Date, with the first Interest Payment Date being <i>[]</i> <i>[Not Applicable] [specify other]</i>
Interest Period:	<i>[As stated in Product Condition 1][specify other][Not Applicable]</i>
Interest Rate:	<i>[[] per cent. per annum] [Not Applicable] [specify other]</i>
Interest Rate Day Count Fraction:	<i>[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]</i> <i>[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))]</i> <i>[specify other] [Not Applicable]</i>

Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Cash Amount:	[Cash Amount] <i>[specify other]</i> [Not Applicable]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Date:	<i>[specify]</i> [See Issuer notice of call]
Issuer Call Notice Period:	[] [Not Applicable]
Maturity Date:	[]
Relevant Currency:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
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Standard Currency:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Valuation Date(s):	[]
Valuation Time:	[11.00 hours Central European Time] <i>[specify other]</i>
ISIN:	[]
Common Code:	[]
Fondscore:	[]
Other Securities Code:	[] <i>[Symbol:]</i>
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Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Index] Notes due [] Series []

[repeat as above for each new Series]

INFLATION INDEX NOTES

Series:	<i>[Inflation Index] Notes due [] Series []</i>
Nominal Amount:	[] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent] <i>[specify other]</i>
Fixed Spread:	[] per cent indicative to be determined on Issue Date] <i>[specify other]</i>
Inflation Index:	<i>[[Inflation Index] published on a [monthly] [other] basis by the [], as displayed on Bloomberg ‘[] <Index>’ (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion, for the purpose of displaying the Inflation Index)] [specify other]</i>
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[] in each year up to and including the Maturity Date, with the first Interest Payment Date being []] [Not Applicable] <i>[specify other]</i>
Interest Period:	[As stated in Product Condition 1][<i>specify other</i>][Not Applicable]
Interest Rate:	[Nominal Amount x Fixed Spread + the greater of: 1. zero; or 2. CPI_{N-3} / CPI_{N-15} Where: “ CPI_{N-3} ” means, in respect of each Interest Payment Date _(N) , the Inflation Index Level in respect of the month falling three months prior to such Interest Payment Date “ CPI_{N-15} ” means, in respect of each Interest Payment Date _(N) , the Inflation Index Level in respect of the month falling fifteen months prior to such Interest Payment Date] <i>[specify other]</i> [Not Applicable]
Interest Rate Day Count Fraction:	[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))]
[specify other] [Not Applicable]
[Applicable] [Not Applicable]
Issuer Call: [Cash Amount] [specify other] [Not Applicable]
Issuer Call Cash Amount: [] [Not Applicable]
Issuer Call Commencement Date: [specify] [See Issuer notice of call]
Issuer Call Date: [] [Not Applicable]
Issuer Call Notice Period: []
Maturity Date: []
Settlement Currency: []
ISIN: []
Common Code: []
Fondscod: []
Other Securities Code: [] [Symbol:]
Indication of yield: []
[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]
[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []
(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“Securities Act”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United

States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Inflation Index] Notes due [] Series []

[repeat as above for each new Series]

INFLATION INDEX NOTES II

Series:	[Inflation Index] Notes due [] Series []
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[]
Additional Market Disruption Events:	[None][specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent] [specify other]
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other]
Index:	[[Inflation Index] published on a [monthly] [other] basis by the [], as displayed on Bloomberg '[] <Index>' (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion, for the purpose of displaying the Index)] [specify other]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[] in each year up to and including the Maturity Date, with the first Interest Payment Date being []] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[For the [first] Interest Period[s], [] per cent and for the remaining Interest Periods an amount calculated in accordance with the following formula:
	$\text{MAX} \left\{ 0\%, * \% \left[\frac{\text{Index}_{-3M} - \text{Index}_{-15M}}{\text{Index}_{-15M}} \right] \right\}$
	Where:
	Index _{.3M} is the Final Reference Price for the Valuation Month in the second year immediately preceding the relevant Interest Payment Date
	Index _{.15M} is the Final Reference Price for the Valuation Month in the third year immediately preceding the relevant Interest Payment Date
	For example, in respect of the Interest Rate calculation applicable for the Interest Payment Date on [], Index _{.3M} will be the Final Reference Price for [2006] and Index _{.15M} will be the Final Reference Price for [2005].] [specify other]
Interest Rate Day Count Fraction:	[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))]

[Specify Other][Not Applicable]

Maturity Date:
Relevant Number of Months:
Settlement Currency:
Settlement Date:
Valuation Month(s):
ISIN:
Common Code:
Fondscod:
Other Securities Code:
Indication of yield:

[]

[2] [specify other]

[]

[The definition in Product Condition 1 applies][specify other]

[]

[]

[]

[]

[] [Symbol:]

[]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions:

[Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities:

[]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as

defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Inflation Index] Notes due [] Series []

[repeat as above for each new Series]

CALLABLE INDEX NOTES

Series:	<i>callable [Index] Notes due [] Series []</i>
Nominal Amount:	[] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Barrier Level:	[Applicable – [Relevant Percentage x Initial Reference Price] <i>[specify other formula]</i>][Not Applicable]
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[(i) If the Final Reference Price is greater than the Initial Reference Price: Nominal Amount * <i>[specify]</i> ; or (ii) If the Final Reference Price is greater than the Barrier Level up to (and including) the Initial Reference Price: Nominal Amount * 100 per cent; (iii) Otherwise: Nominal Amount * (Final Reference Price/Initial Reference Price)] <i>[specify other]</i>
Early Redemption Amount:	[Nominal Amount * <i>[specify]</i>] Where t = either <i>[specify]</i> corresponding to the Valuation Date on which the Early Redemption Event occurs.] <i>[specify other]</i>
Early Redemption Date(s):	[]
Early Redemption Event:	[If the Issuer, in its sole and absolute discretion determines that an Early Redemption Event should occur in respect of an Early Redemption Date] <i>[specify other]</i>
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Final Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Index:	[] (Bloomberg Code: [])
Initial Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Maturity Date:	[]
Relevant Currency:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Relevant Percentage:	[[] per cent. per annum] [Not Applicable]
Settlement Currency:	[]
Settlement Date:	[Following an Early Redemption Event, the [fifth] Business Day following the relevant Early Redemption Date and otherwise the Maturity Date or if later, the [fifth] Business Day following the final Valuation Date] <i>[specify other]</i>
Standard Currency:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Valuation Date:	[]
ISIN:	[]
Common Code:	[]

Fondscore: []
Other Securities Code: [] [Symbol:]
Indication of yield: []
[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]
[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying: [Need to include details of where past and future performance and volatility of the Underlying/formula/other variable can be obtained.]
[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying

and the circumstances when the risks are most evident.]
(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg] [Reuters] [*specify other*]

Series:

Callable [*Index*] *Notes due* [] *Series* []

[repeat as above for each new Series]

AUTOCALLABLE INDEX NOTES

Series:	<i>Autocallable [Index] Notes due [] Series []</i>
Nominal Amount:	[] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Barrier Level:	[Relevant Percentage x Initial Reference Price] <i>[specify other]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	(A) [If the Final Reference Price is greater than the Initial Reference Price: Nominal Amount * <i>[specify]</i>]; or (B) If the Final Reference Price is greater than the Barrier Level up to (and including) the Initial Reference Price: Nominal Amount * 100 per cent; (iii) Otherwise: Nominal Amount * (Final Reference Price/Initial Reference Price)] <i>[specify other]</i>
Early Redemption Amount:	[Nominal Amount * <i>[specify]</i>] Where t = either <i>[specify]</i> corresponding to the Valuation Date on which the Early Redemption Event occurs.] <i>[specify other]</i>
Early Redemption Event:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Final Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Index:	[] (Bloomberg Code: [])
Initial Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[] [and []] in each year up to and including the Maturity Date, with the first Interest Payment Date being []] [Not Applicable] <i>[specify other]</i>
Interest Period:	[As stated in Product Condition 1][<i>specify other</i>][Not Applicable]
Interest Rate:	[[] per cent. [per annum] [Not Applicable] <i>[specify other]</i>
Interest Rate Day Count Fraction:	[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)))]

Maturity Date: [specify other] [Not Applicable]
 Relevant Currency: [The definition in Product Condition 1 applies] [specify other]
 Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]
 Relevant Percentage: [] per cent. per annum
 Settlement Currency: []
 Settlement Date: [Following an Early Redemption Event, the [third] Business Day following the relevant Valuation Date and otherwise the Maturity Date or if later, the [third] Business Day following the final Valuation Date] [specify other]
 Standard Currency: [The definition in Product Condition 1 applies] [specify other]
 Valuation Date(s): []
 ISIN: []
 Common Code: []
 Fondscode: []
 Other Securities Code: [] [Symbol:]
 Indication of yield: []
 [Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]
 [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]
 (When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []
 (When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction: The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States

or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

Autocallable [Index] Notes due [] Series []

[repeat as above for each new Series]

AUTOCALLABLE SHARE BASKET NOTES

Series: Autocallable [Share Basket] Notes due []
Series []

Nominal Amount: [] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]

Issue Price: []

Additional Market Disruption Events: [None] [specify]

Barrier Level: [Relevant Percentage x Initial Reference Price] [specify other]

Business Day: [The definition in Product Condition 1 applies] [specify other]

Business Day Convention: [Modified Following][Following]

Basket: [] (Bloomberg Code: [])

Share	Share Company	Exchange	Weighting	Underlying Currency
[Type and ISIN]	[specify]	[specify]	[specify] per cent.	[specify] [Not applicable]

Cash Amount: (i) [If the Final Reference Price is greater than the Initial Reference Price:
Nominal Amount * [specify]; or
(ii) If the Final Reference Price is greater than the Barrier Level up to (and including) the Initial Reference Price:
Nominal Amount * 100 per cent;
(iii) Otherwise:
Nominal Amount * (Final Reference Price/Initial Reference Price)] [specify other]

Early Redemption Amount: [Nominal Amount * [specify]]
Where t = either [specify] corresponding to the Valuation Date on which the Early Redemption Event occurs.] [specify other]

Early Redemption Event: [The definition in Product Condition 1 applies] [specify other]

Emerging Market Disruption Events: [The definition in Product Condition 1 applies] [specify other]

Final Reference Price: [The definition in Product Condition 1 applies] [specify other]

Initial Reference Price: [The definition in Product Condition 1 applies] [specify other]

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [[] [and []] in each year up to and including the Maturity Date, with the first Interest Payment Date being []] [Not Applicable] [specify other]

Interest Period: [As stated in Product Condition 1][specify other][Not Applicable]

Interest Rate: [[] per cent.] [per annum] [Not Applicable] [specify other]

Interest Rate Day Count Fraction: [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))]

[specify other] [Not Applicable]

[]

[Applicable][Not Applicable]

[]

[The definition in Product Condition 1 applies] [specify other]

[5, or in respect of an Emerging Market Disruption Event only, 180]

[[] per cent. per annum] [None]

[]

[Following an Early Redemption Event, the [third] Business Day following the relevant Valuation Date and otherwise the Maturity Date or if later, the [third] Business Day following the final Valuation Date] [specify other]

[The definition in Product Condition 1 applies] [specify other]

[The definition in Product Condition 1 applies] [specify other]

[specify]

[]

[]

[]

[] [Symbol:]

[]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

[Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Maturity Date:

Physical Settlement:

Reference Price:

Relevant Currency:

Relevant Number of Trading Days:

Relevant Percentage:

Settlement Currency:

Settlement Date:

Share Amount:

Standard Currency:

Underlying Currency:

Valuation Date(s):

ISIN:

Common Code:

Other Securities Code:

Indication of yield:

Amendments to General Conditions or Product Conditions:

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

Autocallable [Share Basket] Notes due [] Series []

[repeat as above for each new Series]

AUTOCALLABLE REFERENCE RATE NOTES

Series:	<i>Autocallable [Reference Rate] Notes due [] Series []</i>
Nominal Amount:	[] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>
Issue Price:	[]
Additional Market Disruption Events:	[None] <i>[specify]</i>
Barrier Level:	[Relevant Percentage x Initial Reference Price] <i>[specify other]</i>
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Business Day Convention:	[Modified Following][Following]
Cash Amount:	(i) [If the Final Reference Price is greater than the Initial Reference Price: Nominal Amount * <i>[specify]</i> ; or (ii) If the Final Reference Price is greater than the Barrier Level up to (and including) the Initial Reference Price: Nominal Amount * 100 per cent; Otherwise: Nominal Amount * (Final Reference Price/Initial Reference Price)] <i>[specify other]</i>
Early Redemption Amount:	[Nominal Amount * <i>[specify]</i> Where t = either <i>[specify]</i> corresponding to the Valuation Date on which the Early Redemption Event occurs.] <i>[specify other]</i>
Early Redemption Event:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Final Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Initial Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[[] [and []] in each year up to and including the Maturity Date, with the first Interest Payment Date being []] [Not Applicable] <i>[specify other]</i>
Interest Period:	[As stated in Product Condition 1][<i>specify other</i>][Not Applicable]
Interest Rate:	[[] per cent. [per annum] [Not Applicable] <i>[specify other]</i>
Interest Rate Day Count Fraction:	[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)))
[specify other] [Not Applicable]

Maturity Date: []
Reference Rate: []
Reference Rate Screen Page: []
Relevant Currency: [The definition in Product Condition 1 applies] [specify other]
Relevant Number of Trading Days: [5, or in respect of an Emerging Market Disruption Event only, 180]
Relevant Percentage: [] per cent. per annum
Settlement Currency: []
Settlement Date: [Following an Early Redemption Event, the [third] Business Day following the relevant Valuation Date and otherwise the Maturity Date or if later, the [third] Business Day following the final Valuation Date] [specify other]

Standard Currency: [The definition in Product Condition 1 applies] [specify other]
Valuation Date(s): []
Valuation Time: []
ISIN: []
Common Code: []
Fondscore: []
Other Securities Code: [] [Symbol:]
Indication of yield: []
[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given to as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

Autocallable [Reference Rate] Notes due [] Series []

[repeat as above for each new Series]

SHARE NOTES

Series: [Share][Share Basket] Notes due [] Series []

Nominal Amount: [] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]

Issue Price: []

Additional Market Disruption Events: [None] [specify]

Basket: [Not Applicable]

Share	Share Company	Exchange	Weight	Underlying Currency
[Type and ISIN]	[specify]	[specify]	[specify] per cent. [Not Applicable]	[specify]

Business Day: [The definition in Product Condition 1 applies] [specify other]

Business Day Convention: [Modified Following][Following]

Cash Amount: [insert redemption formula and applicable related definitions]

Emerging Market Disruption Events: [The definition in Product Condition 1 applies] [specify other]

Exchange [] [See Basket]

Final Averaging Dates: [] [Not Applicable]

Final Reference Price: [] [Not Applicable]

Initial Averaging Dates: [] [Not Applicable]

Initial Reference Price: [] [Not Applicable]

Interest: [Applicable][Not Applicable]

Interest Payment Dates: [[] [and []]] in each year up to and including the Maturity Date], with the first Interest Payment Date being [] [Not Applicable] [specify other]

Interest Period: [As stated in Product Condition 1][specify other][Not Applicable]

Interest Rate: [] [Not Applicable]

Interest Rate Day Count Fraction: [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))]
[specify other] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [specify other] [Not Applicable]

Issuer Call Commencement Date: [] [Not Applicable]

Issuer Call Date: [specify] [See Issuer notice of call]

Issuer Call Notice Period: [] [Not Applicable]

Maturity Date: []
Relevant Currency: [The definition in Product Condition 1 applies] *[specify other]*
Settlement Currency: []
Settlement Date: [The Maturity Date [or, if later, the [third] Business Day following the [Valuation Date][last Final Averaging Date]]] *[specify other]*
Share: [] [See Basket]
Share Company: [] [See Basket]
Specified Trading Days: []
Specified Valid Averaging Dates: For the purpose of Initial Averaging Dates: [5, or in respect of an Emerging Market Disruption Event only, 180]
For the purpose of Final Averaging Dates: [5, or in respect of an Emerging Market Disruption Event only, 180]
Standard Currency: [The definition in Product Condition 1 applies] *[specify other]*
Underlying Currency: [] [See Basket]
Valuation Date: [[*Insert number*] Trading Days prior to the Maturity Date] *[specify date]* or, if such day is not a Trading Day, then the next succeeding day which is a Trading Day
[the last Final Averaging Date]
[specify other] [Not Applicable]
ISIN: []
Common Code: []
Fondscod: []
Other Securities Code: [] [*Symbol:*]
Indication of yield: []
[Calculated as [*include details of method of calculation in summary form*] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Amendments to General Conditions or Product Conditions: [Not Applicable]
[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]
(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)
Amendments to the Offering Procedure for the Securities: []
(When making any such amendments consideration should be given as to whether such terms constitute “significant new

factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[repeat as above for each new Series]

[Share][Share Basket] Notes due [] Series []

SINGLE STOCK EXCHANGEABLE NOTES

Series:	[Share] Exchangeable Notes due [] Series []
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent] [specify other]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Exchange:	[]
Exchange Period:	[The period commencing on (and including) the Issue Date to (and including) the Valuation Date] [specify other]
Exchange Price:	[The percentage specified as such in the definition of the relevant Series, multiplied by the price of the Share on the Exchange at the Valuation Time on the Pricing Date, subject to adjustment in accordance with Product Condition 4] ³ [The price specified as such in the definition of the relevant Series, subject to adjustment in accordance with Product Condition 4]. [specify other]
Exchange Time:	[]
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[] [Not Applicable]
Interest Rate Day Count Fraction:	[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))] [specify other] [Not Applicable]
Issuer Call:	[Applicable] [Not Applicable]

³ If forward pricing.

Issuer Call Cash Amount:	[Nominal Amount x 100] <i>[specify other]</i> [Not Applicable]
Issuer Call Cash Amount Condition:	[The Final Reference Price is less then [(or equal to)] the Exchange Price] <i>[specify other]</i> [Not Applicable]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Date:	<i>[specify]</i> [See Issuer notice of call]
Issuer Call Notice Period:	[] [Not Applicable]
Issuer Call Share Amount Condition:	[The Final Reference Price is more than [(or equal to)] the Exchange Price] <i>[specify other]</i> [Not Applicable]
Maturity Date:	[]
Optional Exchange Right Notice Period:	[]
Relevant Currency:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Relevant Number of Trading Days:	For the purpose of “Issuer Call Date”, [5, or in respect of an Emerging Market Disruption Event only, 180] For the purpose of “Share Amount”, [5, or in respect of an Emerging Market Disruption Event only, 180] For the purpose of “Valuation Date”, [5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[]
Settlement Date:	[The earlier of (i) the Maturity Date or, if later, the fifth Business Day following the Valuation Date, [and] (ii) the fifth Business Day following the Exchange Date [and (iii) the fifth Business Day following the Issuer Call Date]] <i>[specify other]</i>
Share:	[]
Share Amount:	[] ⁴ [the number of Shares determined by the Calculation Agent as being the Nominal Amount divided by the Exchange Price] ⁵ <i>[specify other]</i>
Share Company:	[]
Standard Currency:	[The definition in Product Condition 1 applies] <i>[specify other]</i>
Underlying Currency:	[]
Valuation Date:	[]
ISIN:	[]
Common Code:	[]
Fondscod:	[]
Other Securities Code:	[] <i>[Symbol:]</i>
Indication of yield:	[] [Calculated as <i>[include details of method of calculation in summary form]</i> on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Amendments to General Conditions or Product Conditions:	[Not Applicable] [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise

⁴ If not forward pricing

⁵ If forward pricing

rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities:

[]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[repeat as above for each new Series]

[Share] Exchangeable Notes due [] Series []

SINGLE STOCK EXCHANGEABLE NOTES (INTO CASH)

Series:	[Share] Exchangeable Notes (into Cash) due [] Series []
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[]
Additional Market Disruption Events:	[None] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent] [specify other]
Conversion Amount:	[Nominal Amount x [Final Reference Price/(Initial Reference Price x [] per cent)] [specify other]
Conversion Time:	[]
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]
Exchange:	[]
Exchange Period:	[The period commencing on (and including) the Issue Date to (and including) the Valuation Date] [specify other]
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other]
Initial Reference Price:	[]
Interest:	[Applicable][Not Applicable]
Interest Payment Dates:	[[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[] [Not Applicable]
Interest Rate Day Count Fraction:	[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))] [specify other] [Not Applicable]
Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Cash Amount:	[Nominal Amount x 100] [specify other] [Not Applicable]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Date:	[specify] [See issuer notice of call]
Issuer Call Notice Period:	[] [Not Applicable]

Maturity Date: []

Optional Exchange Right Notice Period: []

Relevant Currency: [The definition in Product Condition 1 applies] *[specify other]*

Relevant Number of Trading Days: For the purpose of “Issuer Call Date”, [5, or in respect of an Emerging Market Disruption Event only, 180]
For the purpose of “Valuation Date”, [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: []

Settlement Date: [The earlier of (i) the fifth Business Day following the Early Termination Date [or the Issuer Call Date, as the case may be,] and (ii) the Maturity Date] *[specify other]*

Share: []

Share Company: []

Standard Currency: [The definition in Product Condition 1 applies] *[specify other]*

Underlying Currency: []

Valuation Date: []

ISIN: []

Common Code: []

Fondscore: []

Other Securities Code: [] *[Symbol:]*

Indication of yield: []
[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]
[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]
(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []
(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[]

Series:

[Share] Exchangeable Notes (into Cash) due [] Series []

[repeat as above for each new Series]

MULTI-ASSET BASKET LINKED NOTES

Series: [5 Year Himalaya Note Linked to a Multi-Asset Basket – Due 2011] [*Specify other*]

Nominal Amount: [] [*Specify other*]
[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]

Issue Price: [(of Denomination)] [*Specify other*]

Additional Disruption Events: [None] [*Specify other*]

Additional Fund Event: [None] [*Specify other*]

Basket:

	“Weight”	“Reference Asset Currency”	“Exchange”
[Index]			[<i>Specify other</i>] [Not applicable]
[Fund <i>[specify each Reference Asset, Fund Reference Asset and Bloomberg Code as applicable]</i>]	[<i>Specify per centWeight</i>]	[<i>Specify other</i>]	[Not applicable]

Best Performing Reference Asset: [The Reference Asset with the highest Return as determined by the Calculation Agent in accordance with the following formula:

$$\text{Return} = [(\text{Final Reference Value}/\text{Initial Reference Value}) - 1.0772]$$
[Specify other]]

Business Day: [The definition in Product Condition 1 applies] [*Specify other*]

Business Day Convention: [Modified Following][Following]

Cash Amount: [An amount equal to:
Denomination x Max x [0 per cent, (A1 + A2 + A3 + A4 + A5)/5]
Where:
A1 = Return of the Best Performing Reference Asset in the 1st year;
A2 = Return of the Best Performing Reference Asset in the 2nd year;
A3 = Return of the Best Performing Reference Asset in the 3rd year;
A4 = Return of the Best Performing Reference Asset in the 4th year; and
A5 = Return of the Best Performing Reference Asset in the 5th year.]
[Specify other]]

Denomination: [ZAR1,000] [*Specify other*]

Emerging Market Disruption Events: [The definition in Product Condition 1 applies] [*Specify other*]

Exchange: [*Specify*] [Not Applicable]

Final Reference Value : [In respect of each Reference Asset the Reference Asset Closing Level of such Reference Asset on the Valuation Date.]
[Specify other]

Fund Reference Asset: [*Specify*] [Not Applicable]

Funds:	[Specify],				
Indices:	<table border="0"> <tr> <td style="padding-right: 20px;">“Index”</td> <td>“Index Sponsor”</td> </tr> <tr> <td>[Specify]</td> <td>[Specify]</td> </tr> </table>	“Index”	“Index Sponsor”	[Specify]	[Specify]
“Index”	“Index Sponsor”				
[Specify]	[Specify]				
Initial Reference Value:	[In respect of each Reference Asset, the Reference Asset Closing Level on the Start Date.] [Specify other]				
Initial Reference Values Interest:	[Specify] [Applicable] [Not Applicable]				
Interest Payment Dates:	[Not Applicable] [] [and []] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [The definition in Product Condition 1 applies] [Specify other]				
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]				
Interest Rate:	[Not Applicable] [[] per cent.] [per annum] [The definition in Product Condition 1 applies] [Specify other]				
Interest Rate Day Count Fraction:	[Not Applicable] [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))] [Specify other]				
Issuer Call:	[Not Applicable] [Applicable]				
Issuer Call Cash Amount:	[Not Applicable] [Cash Amount] [Specify other]				
Issuer Call Commencement Date:	[Not Applicable] [Specify other]				
Issuer Call Date:	[Not Applicable] [Specify other] [See Issuer notice of call]				
Issuer Call Notice Period:	[Not Applicable] [Specify other]				
Maturity Date:	[] [Specify other]				
Reference Asset Closing Level:	[In respect of each Reference Asset, the official closing level of such Reference Asset quoted on the relevant exchange at the Valuation Time.] [Specify other]				
Reference Banks:	[Not Applicable] [The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for the relevant Underlying Rate, if applicable, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] [Specify other]				

Relevant Currency:	[The definition in Product Condition 1 applies] [<i>Specify other</i>]
Relevant Number of Trading Days:	Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180] Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]
Re-Weighting:	[The Basket is re-weighted on each anniversary of the Issue Date by removing the Best Performing Reference Asset from the Basket on such anniversary date and re-weighting the Basket accordingly. The Basket in the following year then comprises the remaining Reference Assets in equal Weights.] [<i>Specify other</i>]
Standard Currency:	[The definition in Product Condition 1 applies] [<i>Specify other</i>]
Trading Day:	[In respect of each Reference Asset, a day on which the Relevant Exchange is open and each Related Exchange in relation to such Reference Asset (being, in the case of an Index, an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on such Index are traded), other than a day on which trading on any of the Relevant Exchange or the Related Exchange is scheduled to close prior to its regular weekly closing time.] [<i>Specify other</i>]
Settlement Currency:	[ZAR] [<i>Specify other</i>]
Settlement Date:	[The definition in Product Condition 1 applies] [<i>Specify other</i>]
Valuation Date(s):	[Each anniversary of the Issue Date]
Valuation Time:	[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund] [11.00 hours Central European Time] [<i>Specify other</i>]
ISIN:	[] [<i>Specify other</i>]
Common Code:	[] [<i>Specify other</i>]
Fondscore:	[] [<i>Specify other</i>]
Other Securities Code:	[Not Applicable] [<i>Symbol: </i>] [<i>Specify other</i>]
Indication of yield:	[] [Calculated as [<i>include details of method of calculation in summary form</i>] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Underlying Rate:	[Not Applicable] [<i>Specify other</i>]
Pricing Date:	[Not Applicable] [<i>Specify other</i>]
Amendments to General Conditions or Product Conditions:	[Not Applicable] [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and

other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

[Specify other]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities:

[]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE REFERENCE ASSET

Performance of Reference Asset/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Reference Asset:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Reference Asset and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Reference Asset and its volatility

[Bloomberg][Reuters][specify other]

can be obtained:
Index disclaimer(s):

MULTI-ASSET BASKET LINKED NOTES II

Series: *Multi-Asset Basket Linked Notes II due [] [Specify other]*
 Nominal Amount: [] *[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*
 Issue Price: []
 Additional Market Disruption Events: [None] *[Specify other]*
 Additional Fund Events: [None] *[Specify other]*
 Basket:

“Basket Constituent”	“Weight”	“Share Company”	“Exchange”	“Basket Constituent Currency”
<i>[specify each Basket Constituent and Bloomberg Code]</i>	<i>[Specify per cent Weight]</i>	<i>[Specify]</i>	<i>[Specify]</i>	<i>[Specify]</i>
<i>[“Index”]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>	<i>[Not Applicable]</i>
<i>[“Share”]</i>				
<i>[“Fund”] [Where the Fund is an exchange traded fund, include details of the Reference Asset]</i>				

Basket Return: *[The definition in Product Condition 1 applies]*
[Specify other] [Not Applicable]
 Business Day: *[The definition in Product Condition 1 applies]*
[Specify other]
 Business Day Convention: *[Modified Following][Following]*
 Cash Amount: *[An amount equal to:*
 $100 \text{ per cent} * \text{Nominal Amount} + \text{Nominal Amount} * \text{Participation} * [\text{Max (Basket Return, 0per cent)}]$
][Specify other]

Emerging Market Disruption Events: *[The definition in Product Condition 1 applies]*
[Specify other]
 Final Averaging: *[Applicable] [Not Applicable]*
 Fund Final Reference Price: *[The definition in Product Condition 1 applies]*
[Specify other] [Not Applicable]
 Fund Initial Reference Price: *[The definition in Product Condition 1 applies]*
[Specify other] [Not Applicable]
 Fund Reference Price: *[The definition in Product Condition 1 applies]*
[Specify other] [Not Applicable]
 Fund Return: *[The definition in Product Condition 1 applies]*
[Specify other] [Not Applicable]
 Index Final Reference Price: *[The definition in Product Condition 1 applies]*
[Specify other] [Not Applicable]
 Index Future Final Reference Price: *[The definition in Product Condition 1 applies]*

[Specify other] [Not Applicable]

Index Future Initial Reference Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Index Future Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Index Future Reference Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Index Future Return: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Index Initial Reference Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Index Reference Price: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Index Return: [The definition in Product Condition 1 applies]

[Specify other] [Not Applicable]

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [Not Applicable]

[[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [The definition in Product Condition 1 applies]

[Specify other]

Interest Period: [As stated in Product Condition 1][specify other][Not Applicable]

Interest Rate: [Not Applicable]

[[] per cent.] [per annum]

[The definition in Product Condition 1 applies]

[Specify other]

Interest Rate Day Count Fraction: [Not Applicable]

[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)))]

[Specify other]

Issuer Call: [Not Applicable] [Applicable]

Issuer Call Cash Amount: [Not Applicable] [Cash Amount] [Specify other]

Issuer Call Commencement Date: [Not Applicable] [Specify other]

Issuer Call Date: [Not Applicable] [Specify other] [See Issuer notice of call]

Issuer Call Notice Period: [Not Applicable] [Specify other]

Maturity Date: []

Participation: [Not Applicable] [Specify other]

Relevant Currency: [The definition in Product Condition 1 applies]

[Specify other]

Relevant Number of Trading Days: For the purpose of:

Issuer Call Date: [5, or in respect of an Emerging Market

	Disruption Event only, 180]
	Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]
	[Not Applicable]
Settlement Currency:	[]
Settlement Date:	[The definition in Product Condition 1 applies] [Specify other]
Share Final Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Initial Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Return:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Standard Currency:	[The definition in Product Condition 1 applies] [Specify other]
Trading Day:	[The definition in Product Condition 1 applies] [Specify other]
Valuation Date(s):	[]
Valuation Time:	[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund] [The definition in Product Condition 1 applies] [11.00 hours Central European Time] [Specify other]
ISIN:	[]
Common Code:	[]
Fondscore:	[]
Other Securities Code:	[Not Applicable] [Symbol:] [Specify other]
Indication of yield:	[] [Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Amendments to General Conditions or Product Conditions:	[Not Applicable] [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other

changes which are not materially prejudicial to the interests of the Holders of Securities.]

[Specify other]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities:

[]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE BASKET CONSTITUENT

Performance of Basket Constituent/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Basket Constituent:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Basket Constituent and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of a Basket Constituent and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Index disclaimer(s):

MULTI-ASSET BASKET LINKED NOTES III

Series: *Multi-Asset Basket Linked Notes III due [] [Specify other]*
 Nominal Amount: [] *[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]*
 Issue Price: []
 Additional Market Disruption Events: [None] *[Specify other]*
 Additional Fund Events: [None] *[Specify other]*
 Basket:

["Basket Constituent"]	"Weight"	"Share Company"	"Exchange"	"Basket Constituent Currency"
<i>[specify each Basket Constituent and Bloomberg Code]</i>	<i>[Specify per cent Weight]</i>	<i>[Specify]</i>	<i>[Specify]</i>	<i>[Specify]</i>
<i>[first rate]</i>	[Not Applicable]	[Not Applicable]	[Not Applicable]	[Not Applicable]
Screen Page: <i>[specify]</i>				
<i>[repeat as appropriate for other rates]</i> ["FX Rate1"] ["FX Rate2"] ["FX Rate3"] ["FX Rate4"] ["FX Rate5"] ["FX Rate6"]				
["Certificate1"] ["Certificate2"]				
["Commodity1"] ["Commodity2"]				
["Commodity3"] ["Commodity4"]				
["Index1"] ["Index2"] ["Index3"]				
["Index4"] ["Index5"]				
["Share1"] ["Share2"] ["Share3"]				
["Fund1"] ["Fund2"] ["Fund3"]				
<i>[Where the Fund is an exchange traded fund, include details of the Reference Asset]</i>				

Basket Return: [20 per cent x Index Return + 20 per cent x Certificate Return + 20 per cent x Commodity Return + 20 per cent x FX Rate Return + 20 per cent x Real Estate Index Return]
[Specify other] [Not Applicable]

Business Day: [The definition in Product Condition 1 applies]
[Specify other]

Business Day Convention: [Modified Following][Following]

Cash Amount: $[(\text{Nominal Amount} \times (90 \text{ per cent} + 100 \text{ per cent} \times \text{Max } [0; \text{Basket Return} - 0.9]) + ((\text{Participation} - 100 \text{ per cent}) \times \text{Max } [0; \text{Basket Return} - 1]))]$
[Specify other]

Certificate Final Reference Price (CertFRP): [The definition in Product Condition 1 applies]
[Specify other] [Not Applicable]

Certificate Initial Reference Price (CertIRP): [The definition in Product Condition 1 applies]
[Specify other] [Not Applicable]

Certificate Reference Price: [The definition in Product Condition 1 applies]
[Specify other] [Not Applicable]

Certificate Return:	$50\% \times \frac{\text{CertFRP of Commodity1}}{\text{CertIRP of Commodity1}} + 50\% \times \frac{\text{CertFRP of Commodity2}}{\text{CertIRP of Commodity2}}$
	[Specify other] [Not Applicable]
Commodity Final Reference Price (CFRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Commodity Initial Reference Price (CIRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Commodity Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Commodity Return:	$25\% \times \frac{\text{CFRP of Commodity1}}{\text{CIRP of Commodity1}} + 25\% \times \frac{\text{CFRP of Commodity2}}{\text{CIRP of Commodity2}} + 25\% \times \frac{\text{CFRP of Commodity4}}{\text{CIRP of Commodity4}}$
	[Specify other] [Not Applicable]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [specify other]
Fund Final Reference Price (FFRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Fund Initial Reference Price (FIRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Fund Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Fund Return:	[Specify] [Not Applicable]
FX Rate Final Reference Price (FXFRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
FX Rate Initial Reference Price (FXIRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
FX Rate Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
FX Rate Return:	$25\% \times \frac{\text{FXFRP of FXRate1}}{\text{FXIRP of FXRate1}} + 25\% \times \frac{\text{FXFRP of FXRate2}}{\text{FXIRP of FXRate2}} + 16.67\% \times \frac{\text{FXFRP of FXRate3}}{\text{FXIRP of FXRate3}} + 16.67\% \times \frac{\text{FXFRP of FXRate4}}{\text{FXIRP of FXRate4}} + 16.66\% \times \frac{\text{FXFRP of FXRate5}}{\text{FXIRP of FXRate5}}$
	[Specify other] [Not Applicable]
Index Final Reference Price (IFRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Initial Reference Price (IIRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Index Return:	$25\% \times \frac{\text{IFRP of Index1}}{\text{IIRP of Index1}} + 25\% \times \frac{\text{IFRP of Index2}}{\text{IIRP of Index2}} + 25\% \times \frac{\text{IFRP of Index3}}{\text{IIRP of Index3}} + 25\% \times \frac{\text{IFRP of Index4}}{\text{IIRP of Index4}}$
	[Specify other] [Not Applicable]
Interest:	[Applicable] [Not Applicable]
Interest Payment Dates:	[Not Applicable] [[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being

	[] [The definition in Product Condition 1 applies] [Specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[Not Applicable] [[] per cent.] [per annum] [The definition in Product Condition 1 applies] [Specify other]
Interest Rate Day Count Fraction:	[Not Applicable] [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 31 st day of a month but the first day of the Interest Period is a day other than the 30 th or 31 st 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))] [Specify other]
Issuer Call:	[Not Applicable] [Applicable]
Issuer Call Cash Amount:	[Not Applicable] [Cash Amount] [Specify other]
Issuer Call Commencement Date:	[Not Applicable] [Specify other]
Issuer Call Date:	[Not Applicable] [Specify other] [See Issuer notice of call]
Issuer Call Notice Period:	[Not Applicable] [Specify other]
Maturity Date:	[]
Participation:	[Not Applicable] [Specify other]
Real Estate Index Return:	$[100\% \times \frac{\text{IFRP of Index 5}}{\text{IIRP of Index 5}}]$ [Specify other] [Not Applicable]
Relevant Currency:	[As stated in Product Condition 1] [specify other]
Relevant Number of Trading Days:	For the purpose of: Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180] Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180] [Not Applicable]
Settlement Currency:	[]
Settlement Date:	[The definition in Product Condition 1 applies] [Specify other]
Share Final Reference Price (SFRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Initial Reference Price (SIRP):	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Reference Price:	[The definition in Product Condition 1 applies] [Specify other] [Not Applicable]
Share Return:	[Specify] [Not Applicable]
Standard Currency:	[As stated in Product Condition 1] [specify other]

Trading Day: [The definition in Product Condition 1 applies]
[Specify other]

Valuation Date(s): []

Valuation Time: [(i) in respect of each Index, Fund, Certificate and Share the definition in Product Condition 1 applies, (ii) in respect of each Commodity [The time of the London [morning] [daily] fixing currently [10:30am] [12:15pm] London time] [The time at which the Exchange publishes the daily closing price] and (iii) in respect of each FX Rate [11.00 hours Central European Time]]
[The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund]
[Specify other]

ISIN: []

Common Code: []

Fondscore: [Not Applicable]
[Specify other]

Other Securities Code: [Not Applicable]
[Symbol:]
[Specify other]

Indication of yield: []
[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]
[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]
[Specify other]
(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities: []
(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus

Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE BASKET CONSTITUENT

Performance of Basket Constituent/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Basket Constituent:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Basket Constituent and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of a Basket Constituent and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Index disclaimer(s):

FUND LINKED NOTES

Series: [Fund] Notes due [] Series []

Nominal Amount: [] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]

Issue Price: []

Additional Fund Events: [None] [specify]

Additional Market Disruption Events: [None] [specify]

Basket: [Applicable] [Not Applicable please delete below specification if]

“Fund”	“Reference Asset”	“Weight”	“Exchange”:
[specify] [Not Applicable]	[of the Fund ISIN: []]	[Specify percentage weight] [Not Applicable]	[specify exchange of Fund] [Not Applicable]

Business Day: [The definition in Product Condition 1 applies] [specify other]

Business Day Convention: [Modified Following][Following]

Cash Amount: [An amount equal to Nominal Amount * 100 per cent] [specify other]

Emerging Market Disruption Events: [The definition in Product Condition 1 applies] [specify other]

Exchange: [specify exchange of Fund] [Not Applicable]

Final Reference Price: [The definition in Product Condition 1 applies] [specify other]

Fund: [Specify] [Bloomberg Code []][See Basket]

Initial Reference Price: []

Interest: [Applicable] [Not Applicable]

Interest Payment Dates: [[] [and []] in each year up to and including the Maturity Date, with the first Interest Payment Date being []] [Not Applicable] [specify other]

Interest Period: [As stated in Product Condition 1][specify other][Not Applicable]

Interest Rate: [[] per cent.] [per annum] [Not Applicable] [specify other]

Interest Rate Day Count Fraction: [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))]
[specify other] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [specify other] [Not Applicable]

Issuer Call Commencement Date: [] [Not Applicable]
 Issuer Call Date: [specify] [See Issuer notice of call]
 Issuer Call Notice Period: [] [Not Applicable]
 Maturity Date: []
 Reference Asset: [[] of the Fund (ISIN: [])] [see Basket] [specify other]
 Reference Banks: [The principal London office of five leading dealers in the London interbank market which ordinarily provide quotations for the relevant Underlying Rate, if applicable, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as selected by the Issuer in its absolute discretion] [specify other]

 Relevant Currency: [The definition in Product Condition 1 applies] [specify other]
 Relevant Number of Trading Days: Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]
 Underlying Rate: [5, or in respect of an Emerging Market Disruption Event only, 180]
 Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

 Standard Currency: [The definition in Product Condition 1 applies] [specify other]
 Underlying Rate(s): [first rate]
 Screen Page: [specify]
 [repeat as appropriate for other rates]
 Underlying Rate Valuation Date(s): [] [or if such day is not a Business Day, the next succeeding Business Day]

 Settlement Currency: []
 Settlement Date: [The definition in Product Condition 1 applies] [specify other]
 Trading Day: [The definition in Product Condition 1 applies] [specify other]
 Valuation Date(s): []
 Valuation Time: [11.00 hours Central European Time] [specify other]
 [The close of trading on the relevant Exchange in relation to a Reference Asset where the Fund is an exchange traded fund]

 ISIN: []
 Common Code: []
 Fondscod: []
 Other Securities Code: [] [Symbol:]
 Indication of yield: []
 [Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

 Amendments to General Conditions or Product Conditions: [Not Applicable]

 [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of

the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities:

[]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Performance of Underlying/formula/ other variable, explanation of effect on value of investment and associated risks and other information concerning the Underlying:

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

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Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Index] Notes due [] Series []

[repeat as above for each new Series]

BASKET RELATED CAPITAL PROTECTED NOTES

Series:	<i>Basket Related Capital Protected Notes due [] Series []</i>	
Nominal Amount:	[] <i>[If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]</i>	
Issue Price:	[]	
Additional Market Disruption Events:	[None] <i>[specify]</i>	
Basket:	The Basket shall be comprised of the following components:	
["Index Component"]	"Weight"	
<i>[specify]</i> Index ("Index A") (Bloomberg: <i>[specify]</i>)	<i>[specify]</i> per cent	
<i>[specify]</i> Index ("Index B") (Bloomberg: <i>[specify]</i>)	<i>[specify]</i> per cent	
["Real Estate Index Component"]	"Weight"	
<i>[specify]</i> ("Index C") (Bloomberg: <i>[specify]</i>)	<i>[specify]</i> per cent	
<i>[specify]</i> ("Index D") (Bloomberg: <i>[specify]</i>)	<i>[specify]</i> per cent	
["Bond Index Component"]	"Weight"	
<i>[specify]</i> ("Index E") (Bloomberg: <i>[specify]</i>)	<i>[specify]</i> per cent	
<i>[specify]</i> ("Index F") (Bloomberg: <i>[specify]</i>)	<i>[specify]</i> per cent	
["Commodity Component"]	"Exchange"	"Weight"
<i>[specify]</i> ("Commodity A"), (Bloomberg: <i>[specify]</i>)	<i>[specify]</i>	<i>[specify]</i> per cent
<i>[specify]</i> ("Commodity B"), (Bloomberg: <i>[specify]</i>)	<i>[specify]</i>	<i>[specify]</i> per cent
Bond Index Component Performance:	<i>[specify]</i> [Not Applicable]	
Business Day:	[The definition in Product Condition 1 applies] <i>[specify other]</i>	
Business Day Convention:	[Modified Following][Following]	
Cash Amount:	[Nominal Amount * 100 per cent] <i>[specify other]</i>	
Commodity Component Performance:	<i>[specify]</i> [Not Applicable]	
Commodity Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i> [Not Applicable]	
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] <i>[specify other]</i>	
Index Component Performance:	<i>[specify]</i> [Not Applicable]	
Index Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i> [Not Applicable]	
Initial Commodity Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i> [Not Applicable]	
Initial Index Reference Price:	[The definition in Product Condition 1 applies] <i>[specify other]</i> [Not Applicable]	
Interest:	[Applicable] [Not Applicable]	
Interest Payment Dates:	[[] [and []]] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] <i>[specify other]</i>	
Interest Period:	[As stated in Product Condition 1][<i>specify other</i>][Not Applicable]	

Interest Rate:

[In respect of the *[specify]* Interest Period[s]] [] per cent.]
[per annum] *[specify other]* [Not Applicable]

[In respect of the *[specify]* Interest Period[s]], an Interest Amount determined by the Calculation Agent as follows:

The greater of:

- (i) zero; and
- (ii) ((] per cent x Index Component Performance) + (] per cent x Real Estate Index Component Performance) + (] per cent x Bond Index Component Performance) + (] per cent x Commodity Component Performance)) minus 1; and
- (iii) ((] per cent x Index Component Performance) + (] per cent x Real Estate Index Component Performance) + (] per cent x Bond Index Component Performance) + (] per cent x Commodity Component Performance)) minus 1; and
- (iv) ((] per cent x Index Component Performance) + (] per cent x Real Estate Index Component Performance) + (] per cent x Bond Index Component Performance) + (] per cent x Commodity Component Performance)) minus 1]

Interest Rate Day Count Fraction:

[In respect of the *[specify]* Interest Period[s]]

[Interest required to be calculated in respect of a period of less than a full [year], shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "Accrual Date") to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date]

[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)))]

[specify other] [Not Applicable]

Interim Cash Settlement Amount:

[Applicable] [An amount calculated in accordance with the following formula:

Nominal Amount x {the greater of:

- (i) zero; or
- (ii) ((] per cent x Index Component Performance) + (] per cent x Real Estate Index Component Performance) + (]

per cent x Bond Index Component Performance) + ([] per cent x Commodity Component Performance)) minus 1; or

(iii) (([] per cent x Index Component Performance) + ([] per cent x Real Estate Index Component Performance) + ([] per cent x Bond Index Component Performance) + ([] per cent x Commodity Component Performance)) minus 1; or

(iv) (([] per cent x Index Component Performance) + ([] per cent x Real Estate Index Component Performance) + ([] per cent x Bond Index Component Performance) + ([] per cent x Commodity Component Performance)) minus 1}}

[specify other]

[Not Applicable]

Interim Cash Settlement Amount Payment Date: [The definition in Product Condition 1 applies] [specify date]

[Not Applicable]

Interim Cash Settlement Amount Valuation Date: [specify date] [Valuation Date occurring on []] [Not Applicable]

Issuer Call: [Applicable] [Not Applicable]

Issuer Call Cash Amount: [Cash Amount] [specify other] [Not Applicable]

Issuer Call Commencement Date: [] [Not Applicable]

Issuer Call Date: [specify] [See Issuer notice of call]

Issuer Call Notice Period: [] [Not Applicable]

Maturity Date: []

Pricing Date: []

Real Estate Index Component Performance: [specify] [Not Applicable]

Relevant Currency: [The definition in Product Condition 1 applies] [specify other]

Relevant Number of Trading Days: Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

Interim Cash Settlement Amount Valuation Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

Issuer Call Date: [5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency: []

Settlement Date: [The Maturity Date [or if later the third Business Day following the final Valuation Date] [specify other]

Standard Currency: [The definition in Product Condition 1 applies] [specify other]

Trading Day: [The definition in Product Condition 1 applies] [specify other]

Valuation Date(s): []

Valuation Time: [The definition in Product Condition 1 applies] [specify other]

ISIN: []

Common Code: []

Fondscod: []

Other Securities Code: [] [Symbol:]

Indication of yield: []
[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions: [Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and

other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.]

(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Amendments to the Offering Procedure for the Securities:

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(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

Sales Restriction:

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[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page(s) where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

Basket related capital protected] Notes due [] Series []

[repeat as above for each new Series]

COMMODITY NOTES

Series:	[Commodity] Notes due [] Series []	
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]	
Issue Price:	[]	
Additional Market Disruption Events:	[None] [specify]	
Basket:		
[“Commodity” [specify each Commodity and Bloomberg/Reuters Code]	“Exchange” [Specify] [Not Applicable]	“Weight” [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]	
Business Day Convention:	[Modified Following][Following]	
Cash Amount:	[Nominal Amount x (100 per cent + Participation x Max [0, Commodity Performance])] [specify other]	
Commodity:	[] [See Basket]	
Commodity Performance:	[The definition in Product Condition 1 applies] [specify other] [Not Applicable]	
Emerging Market Disruption Events:	[The definition in Product Condition 1 applies] [specify other]	
Exchange:	[] [See Basket]	
Exchange Rate:	[The definition in Product Condition 1 applies] [specify other] [Not Applicable]	
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other] [Not Applicable]	
Initial Reference Price:	[The definition in Product Condition 1 applies] [specify other] [Not Applicable]	
Interest:	[Applicable] [Not Applicable]	
Interest Payment Dates:	[[] [and []] in each year up to and including the Maturity Date, with the first Interest Payment Date being [] [Not Applicable] [specify other]	
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]	
Interest Rate:	[[] per cent. per annum] [Not Applicable] [specify other]	
Interest Rate Day Count Fraction:	[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 31 st day of a month but the first day of the Interest Period is a day other than the 30 th or 31 st 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))] [specify other] [Not Applicable]
Issuer Call:	[Applicable] [Not Applicable]
Issuer Call Cash Amount:	[Cash Amount] [specify other] [Not Applicable]
Issuer Call Commencement Date:	[] [Not Applicable]
Issuer Call Date:	[specify] [See Issuer notice of call]
Issuer Call Notice Period:	[] [Not Applicable]
Maturity Date:	[]
Participation:	[]
Relevant Currency:	[The definition in Product Condition 1 applies] [specify other]
Relevant Number of Business Days:	[]
Relevant Number of Trading Days:	[5, or in respect of an Emerging Market Disruption Event only, 180]
Settlement Currency:	[]
Standard Currency:	[The definition in Product Condition 1 applies] [specify other]
Underlying Currency:	[]
Valuation Date(s):	[]
Valuation Time:	[The time of the London [morning] [daily] fixing currently [10:30am] [12:15pm] London time] [The time at which the Exchange publishes the daily closing price] [specify other] [Not Applicable]
ISIN:	[]
Common Code:	[]
Fondscod:	[]
Other Securities Code:	[] [Symbol:]
Indication of yield:	[] [Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
Amendments to General Conditions or Product Conditions:	[Not Applicable] [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the Holders of Securities.] <i>(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i>

Amendments to the Offering Procedure for the Securities: []

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Sales Restriction:

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Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Commodity] Notes due [] Series []

[repeat as above for each new Series]

INDEX AND INFLATION INDEX NOTES

Series:	[Index and Inflation Index] Notes due [] Series []
Nominal Amount:	[] [If the Securities are issued pursuant to a prospectus which is required to be compliant with the Prospectus Directive, then the minimum denomination of the Securities may need to be Euro 1,000 (or its foreign currency equivalent)]
Issue Price:	[]
Additional Market Disruption Events:	[None][specify]
Basket:	[Applicable] [Not Applicable]
Index	Inflation Index Bloomberg Code
[specify]	[specify] [specify]
Business Day:	[The definition in Product Condition 1 applies] [specify other]
Business Day Convention:	[Modified Following][Following]
Cash Amount:	[Nominal Amount x 100 per cent] [specify other]
Emerging Market Disruption Events:	[As stated in Product Condition 1] [specify other]
Final Reference Price:	[The definition in Product Condition 1 applies] [specify other]
Index:	[[] (Bloomberg Code: [])] [See Basket] [Not Applicable]
Index Final Reference Price:	[As stated in Product Condition 1] [specify other]
Index Initial Reference Price:	[As stated in Product Condition 1] [specify other]
Inflation Index:	[[Inflation Index] published on a [monthly] [other] basis by the [], as displayed on Bloomberg '[] <Index>' (or such other page as may replace that page, or such other information service as may be selected by the Calculation Agent, acting in its sole and absolute discretion, for the purpose of displaying the Inflation Index)] [specify other]]
Inflation Index Final Reference Price:	[As stated in Product Condition 1] [specify other]
Interest:	[Applicable][Not Applicable]
Interest Amount:	[Nominal Amount x Interest Rate x Interest Rate Day Count Fraction] [specify other]
Interest Payment Dates:	[[] in each year up to and including the Maturity Date, with the first Interest Payment Date being []] [Not Applicable] [specify other]
Interest Period:	[As stated in Product Condition 1][specify other][Not Applicable]
Interest Rate:	[(i) If (Index Final Reference Price/Index Initial Reference Price) is greater than (CPTFEMU _t /CPTFEMU ₀):

$$3.25\% + \text{Max} \left[0, \left(\frac{\text{CPTFEMU}_t}{\text{CPTFEMU}_{t-1}} - 1 \right) \right]; \text{ otherwise}$$

$$(ii) \text{ Max} \left[0, \left(\frac{\text{CPTFEMU}_t}{\text{CPTFEMU}_{t-1}} - 1 \right) \right]$$

Where:

CPTFEMU₀ is the Inflation Index Final Reference Price for the Valuation Month in the year [];

CPTFEMU_t is the Inflation Index Final Reference Price for the Valuation Month in the same year as the relevant Interest Payment Date;

CPTFEMU_{t-1} is the Inflation Index Final Reference Price for

the Valuation Month in the year immediately preceding the year in which the relevant Interest Payment Date falls]

[For example] [specify example]

Interest Rate Day Count Fraction:

[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))]

[Specify Other][Not Applicable]

Maturity Date:

[]

Pricing Date(s):

[]

Relevant Currency:

[As stated in Product Condition 1] [specify other]

Relevant Number of Months:

[2] [specify other]

Relevant Number of Trading Days:

5, or in respect of an Emerging Market Disruption Event only, 180]

Settlement Currency:

[]

Settlement Date:

[The definition in Product Condition 1 applies][specify other]

Standard Currency:

[As stated in Product Condition 1] [specify other]

Underlying Currency:

[]

Valuation Date(s):

[]

Valuation Month(s):

[]

ISIN:

[]

Common Code:

[]

Fondscod:

[]

Other Securities Code:

[] [Symbol:]

Indication of yield:

[]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Amendments to General Conditions or Product Conditions:

[]

[Not Applicable]

[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise

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

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

Page where information about the past and future performance of the Underlying and its volatility can be obtained:

[Bloomberg][Reuters][specify other]

Series:

[Index and Inflation Index] Notes due [] Series []

[repeat as above for each new Series]

[The following shall be applicable to all Final Terms.]

NO SIGNIFICANT CHANGE AND NO MATERIAL ADVERSE CHANGE

There has been no significant change in the trading or financial position of the Group taken as a whole since 31 December 2010 (the end of the last financial period for which either audited financial information or interim financial information has been published).

There has been no material adverse change in the prospects of the Group taken as a whole since 31 December 2010 (the last date to which the latest audited published financial information of the Group was prepared).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in the Base Prospectus, as completed and/or amended by these Final Terms. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Material changes since the date of the Base Prospectus will trigger the need for a supplement under Article 16 of Directive 2003/71/EC which will be filed with both the AFM and the SIX Swiss Exchange.

[The information relating to the Underlying has been extracted from external sources. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the external sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.]