BASE LISTING DOCUMENT

If you are in any doubt about this document you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Hong Kong Securities Clearing Company Limited ("**HKSCC**") take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Base Listing Document relating to Offers of Structured Products to be issued by

ABN AMRO BANK N.V.

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

Sponsor

ABN AMRO ASIA LIMITED

This document is published for the purposes of obtaining a listing of warrants on single equities, warrants over a basket of equities, warrants on indices, warrants over commodities, warrants over commodity futures and warrants over currencies (together the "**Warrants**" or as the case may be a "**series of Warrants**") and any other structured products that may be issued by the Issuer and approved by the Stock Exchange from time to time (Warrants and such other structured products shall collectively be known as the "**Structured Products**") to be issued from time to time by ABN AMRO Bank N.V. (the "**Issuer**"), acting through its principal office in Amsterdam or its branch in London or such further or other branches as it may specify from time to time, and listed on the Stock Exchange and includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Rules**") for the purpose of giving information with regard to the Issuer and the Structured Products. This document may be updated or amended from time to time by way of addenda. References to this document include references to this document as amended by such addenda. The additional terms relating to each series of Structured Products will be set out in the supplemental listing document for the relevant Structured Product (each a "**Supplemental Listing Document**") which will be supplemental to, and should be read in conjunction with, this document.

Each Structured Product issued pursuant to this document is issued by the Issuer. Any other parties distributing any Structured Product are only doing so as a distributor for the Issuer. ABN AMRO Asia Limited is the Sponsor pursuant to the terms of this document and provides various administrative services to the Issuer.

This document does not constitute or form part of any offer or invitation to subscribe for or to sell or solicitation of any offer to purchase Structured Products or other securities of the Issuer or any other company, nor is it calculated to invite persons to subscribe for, or purchase for cash, or other consideration Structured Products or other securities of the Issuer or any other company.

Subject to the granting of listing of, and permission to deal in, a series of Structured Products on the Stock Exchange as well as their compliance with the stock admission requirements of HKSCC, the Structured Products of each series will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System ("**CCASS**") with effect from the date of commencement of dealings in that series of Structured Products on the Stock Exchange, or such other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time (the "**CCASS Rules**"). All necessary arrangements have been made to enable the Structured Products of each series to be admitted into CCASS.

Following the launch of a series of Structured Products, the Issuer may place all Structured Products comprising such series with a related party. It is possible that Structured Products may also be sold to investors in the period between the date of launch and dealings commencing on the Stock Exchange (the "**Grey Market**"). To the extent there has been any dealings in the Structured Products by the Issuer and/or any of its subsidiaries or associated companies (the "**ABN AMRO Group**") in the Grey Market, these will be reported to the Stock Exchange on the first day of dealing on the Stock Exchange and released over the website of Hong Kong Exchanges and Clearing Limited, www.hkex.com.hk (the "**HKEx website**"). Following on from the listing of the Structured Products on the Stock Exchange, ABN AMRO Asia Limited will act as the Liquidity Provider (see the relevant Supplemental Listing Document to each series of Structured Products for further details).

The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Investors are warned that the price of Structured Products may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective investors should therefore ensure that they understand the nature of the Structured Products and carefully study the Risk Factors section of this document and, where necessary, seek professional advice before they invest in the Structured Products.

The Structured Products constitute general unsecured contractual obligations of the Issuer and of no other person and if you purchase Structured Products you are relying upon the creditworthiness of the Issuer and have no rights under any series of Structured Products with respect to the underlying assets and, if the underlying assets are securities, against the company which has issued the underlying securities.

As at the date of this document the Issuer's senior long term debt ratings are Aa3 by Moody's Investors Service, Inc. and AA- by Standard and Poor's Ratings Group.

Other than the Issuer being a licensed bank regulated by the Hong Kong Monetary Authority, the Issuer is not regulated by any of the bodies referred to in Rule 15A.13(2) or (3) of the Rules. The Issuer is also regulated by the Dutch Central Bank (De Nederlandsche Bank N.V.).

27 April 2005

Neither the delivery of this document nor any sale of any Structured Products shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof. No person has been authorised to give any information or to make any representations not contained in or not consistent with this document and in the relevant Supplemental Listing Document in connection with the offering of each series of Structured Products, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Manager(s) (if any) (as defined in the relevant Supplemental Listing Document). This document may from time to time be updated or amended by way of addenda. Prospective investors in the Structured Products should ask the Sponsor if any addendum to this document or any later Base Listing Document has been issued. Any addendum to this document or any later Base Listing Document will be available for inspection at the office of the Hong Kong Branch of the Issuer stated below.

This document does not constitute an offer or invitation by or on behalf of the Issuer to purchase or subscribe for any of the Structured Products. The distribution of this document and the offering of the Structured Products may, in certain jurisdictions, be restricted by law. The Issuer requires persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Structured Products have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities law of any State in the United States and the Structured Products may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. In this document, the term "**U.S. Person**" has the meaning ascribed to it in either Regulation S under the Securities Act or the United States of America Internal Revenue Code of 1986, as amended. No Structured Products may be exercised or held by or on behalf of any U.S. Person. A further description of certain restrictions on offering and sale of Structured Products and distribution of this document is provided under the "Placing and Sale" section below.

The Structured Products are securities (*effecten*) within the meaning of Article 1 of the Act on the Supervision of the Securities Trade 1995 ("*Wet toezicht effectenverkeer 1995*"). The Structured Products may be offered in certain countries excluding The Netherlands. Any offer of the Structured Products, any announcement thereof and all offer notices, publications, advertisements and other documents in which an offer of the Structured Products is made or a forthcoming offer is announced, will comply with all applicable laws and regulations of the jurisdictions in which such an offer is made from time to time. A statement to the effect that the offering of the Structured Products will comply with all applicable rules in the countries in which such offering takes place will be submitted to the Netherlands Authority for the Financial Markets ("*Autoriteit Financiële le Markten*") pursuant to Article 3, paragraph 2 of the Exemption Regulation pursuant to the Act on the Supervision of the Securities Trade 1995 ("*Wet toezicht effectenverkeer 1995*"), before any Structured Products are offered.

The Issuer has undertaken, in respect of each series of Structured Products, from the Dealing Commencement Date (as defined in the relevant Supplemental Listing Document) until the Expiry Date or Maturity Date (as defined in the relevant Supplemental Listing Document) to make available for inspection by investors in Structured Products at the office of the Hong Kong Branch of the Issuer, which is presently at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong, a copy of its latest publicly available annual report and interim report (if any) and a copy of this document, the relevant Supplemental Listing Document and a Chinese translation of this document and the relevant Supplemental Listing Document together with the remaining documents listed under paragraph 8 of the "General Information" section of this document.

發行人已發出有關各系列結構性衍生工具之承諾，由上市日期（定義見有關之補充上市文件）至期滿日或到期日（定義見有關之補充上市文件）內，結構性衍生工具投資者可前往發行人於香港的分行（現為香港皇后大道中2號長江集團中心38樓）查閱發行人最新刊發之年度報告及中期報告（如有）、本文件、有關之補充上市文件及本文件及有關之補充上市文件之中文譯本以及本文件「一般資料」一節第8點所列之其餘文件。

Pursuant to a declaration under Article 2:403 of the Netherlands Civil Code, ABN AMRO Holding N.V. ("**Holding**") is jointly and severally liable with the Issuer for the Issuer's obligations under the Structured Products. Additional information regarding the Issuer, Holding and other companies of the ABN AMRO Group may be available through the life of the particular series of Structured Products on the Issuer's website www.abnamro.com. Holders of Structured Products are cautioned that this information (if available) will be of a general nature and cannot be relied upon as accurate and/or correct and will not have been prepared exclusively for the purposes of any particular financial instrument issued by the Issuer, including Structured Products. Investors in Structured Products are advised to study the "Risk Factors" section of this document and consult their own independent advisers, before investing, dealing, exercising, or holding any Structured Products.

The Stock Exchange and HKSCC have made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the merits of investing in Structured Products, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer or any of its affiliates may repurchase the Structured Products at any time including in the Grey Market and any Structured Product which is repurchased may be offered from time to time in one or more transactions in the over-the counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. Investors should not therefore make any assumptions as to the number of Structured Products in issue at any time.

All references in this document to "**Hong Kong Dollars**" and to "**HK$**" are to the lawful currency of Hong Kong, to "**US Dollars**" and "**US$**" are to the lawful currency of the United States, to "**euro**" are to currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, and to "**RMB**" are to the lawful currency of the People's Republic of China. On 20 April 2005, the mid-market exchange rate between US Dollars and Hong Kong Dollars was approximately US$1=HK$7.80. All references herein to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China.

All references to times are to Hong Kong time, unless otherwise stated herein or in the relevant Supplemental Listing Document. Capitalised terms not defined shall have the meanings set out in the Conditions or the relevant Supplemental Listing Document.

Reference to any website in this document is intended to assist prospective investors to access further information relating to the subject as indicated. Prospective investors in the Structured Products should conduct their own web searches to ensure that they are viewing the most up to date information. Information appearing on such websites does not form part of this document or any Supplemental Listing Document (as the case may be). The Issuer accepts no responsibility whatsoever that such information, if available, is accurate and/or up-to-date, and no responsibility is accepted in relation to any such information by any person responsible for this document or any Supplemental Listing Document.

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RISK FACTORS

Dealing in Structured Products involves risks, and the responsibility for ensuring you fully understand the contractual terms of such transactions rests with you. In choosing to deal in such products you should consider carefully whether these instruments are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. You should, if applicable, consult your own legal, tax, accounting and such other advisers as you deem appropriate to help you fully understand the nature of the contracts you will be entering into and the extent of your exposure to risks and potential financial loss.

Risk factors relevant to Structured Products generally include the following:

(a) Structured Products involve a high degree of risk, and are subject to a number of risks which may include interest, foreign exchange, time value, market, and/or political risks. Prospective investors in Structured Products should recognise that certain Structured Products may expire worthless.

The price of Structured Products generally may fall in value as rapidly as they may rise and investors should be prepared to sustain a significant or total loss of the purchase price of their Structured Products. Assuming all other factors are held constant, the more the price of the assets underlying a Structured Product moves in a direction against an investor and the shorter its remaining term to expiration, the greater the risk that the investor of such Structured Product will lose all or part of his investment.

"**European Style**" Warrants are only exercisable on their respective Expiry Dates and may not be exercised by the Warrantholders prior to such Expiry Date. Accordingly, if on such Expiry Date the Cash Settlement Amount is zero or negative, a Warrantholder will lose the value of his investment.

The risk of losing all or any part of the purchase price of a Structured Product upon expiration means that, in order to recover and realise a return on investment, an investor in Structured Products must generally anticipate correctly the direction, timing and magnitude of any change in the value of the relevant reference share(s), commodities, commodity futures, index, currencies or such other reference basis (the "**Underlying Assets**") as may be specified in the relevant Supplemental Listing Document.

Changes in the price of an Underlying Asset can be unpredictable, sudden and large and such changes may result in the price of the Underlying Asset moving in a direction which will negatively impact upon the return on an investment. Investors in Structured Products therefore risk losing their entire investment if the value of the relevant Underlying Asset does not move in the anticipated direction.

An investment in Structured Products is not the same as owning the Underlying Assets or having a direct investment in the Underlying Asset. The market values of Structured Products is linked to the relevant Underlying Assets and will be influenced (positively or negatively) by it or them but any change may not be comparable and may be disproportionate. It is possible that while the Underlying Assets are increasing in value, the value of the Structured Product is falling.

Prospective investors in Structured Products should be aware that an investment in Structured Products may involve valuation risk as regards the Underlying Assets to which the particular series of Structured Products relate. The value of the Underlying Asset may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors and speculation. Where the Underlying Asset is a basket comprised of various securities, indices, currencies, commodities, interest rates or other assets, instruments or prices, basis fluctuations in the value of any one component item in such basket may be offset or intensified by fluctuations in the value of the other component items which comprise the relevant basket.

Prospective investors of any series of Structured Product should be experienced with dealing in these types of transactions and should understand the risks associated with dealing in such products. Prospective investors should reach an investment decision only after careful consideration, with their advisers, of the suitability of any Structured Product in light of their particular financial circumstances, the information regarding the relevant Structured Product and the particular Underlying Asset to which the value of the Structured Products may relate.

(b) Each series of Structured Products will constitute general unsecured contractual obligations of the Issuer and of no other person and will rank on a parity with the Issuer's other unsecured contractual obligations and with the Issuer's unsecured and unsubordinated debt. At any given time, the number of Structured Products outstanding may be substantial. Options, warrants and equity linked instruments are priced primarily on the basis of the value of the Underlying Asset, the volatility of the Underlying Asset's price and the time remaining to expiry of the Structured Product.

(c) If you purchase Structured Products you are relying upon the creditworthiness of the Issuer and have no rights under these products with respect to the underlying assets and, if the underlying assets are shares or indices against any company which issues the underlying shares or against any companies comprising any indices to which a series of Structured Product may relate. As the Issuer's obligations under the Structured Products are unsecured, the Issuer does not guarantee the repayment of capital invested in any Structured Products.

(d) Prior to the Expiry Date or Maturity Date (as the case may be) if trading in the Underlying Assets or any component part of the Underlying Assets is suspended on the Stock Exchange or any other relevant stock exchange, trading in the relevant series of Structured Products may be suspended for a similar period.

(e) The settlement amount of certain series of Structured Products at any time prior to expiration or maturity, as the case may be, may be less than the trading price of such Structured Products at that time. The difference between the trading price and the settlement amount as the case may be, will reflect, among other things, a "time value" for the Structured Products. The "time value" of the Structured Products will depend partly upon the length of the period remaining to expiration or maturity and expectations concerning the value of the Underlying Asset.

(f) As indicated in the Conditions and the relevant Supplemental Listing Document, a holder may have to tender a specified number of Structured Product at any one time in order to exercise or close out the transaction. Thus, holders with fewer than the specified minimum number of Structured Product to a particular series will either have to sell their Structured Product or purchase additional Structured Product incurring transactions costs in each case, in order to realise their investment.

If so indicated in the relevant Supplemental Listing Document, the Issuer will have the option to limit the number of Structured Products exercisable or maturing on any Exercise Date or Maturity Date to the maximum number specified therein and, in conjunction with such limitation, to limit the number of Structured Products exercisable or being closed out by any holder on such day. In the event that the total number of Structured Products being exercised or being closed out exceeds such specified maximum number, a holder may not be able to realise the value of his investment in all the Structured Products on that day.

(g) Unless otherwise specified in the relevant Conditions, in the case of any exercise or maturity, as the case may be, of Structured Products, there may be a time lag between the date on which the Structured Products are exercised or matured, and the time the applicable settlement amount relating to such event is determined. Any such delay between the time of exercise or maturity and the determination of the settlement amount will be specified in the relevant Conditions. However, such delay could be significantly longer, particularly in the case of a delay in the exercise or maturity of such Structured Products arising from, a determination by the Issuer that a Market Disruption Event, Settlement Disruption Event or Delisting of a Company has occurred at any relevant time or that Adjustments are required in accordance with the Conditions. That applicable settlement amount may change significantly during any such period, and such movement or movements could decrease or modify the settlement amount of the Structured Products.

(h) Prospective investors intending to purchase any series of Structured Products to hedge against the market risk associated with investing in the Underlying Asset which may be specified in the relevant

Supplemental Listing Document should recognise the complexities of utilising Structured Products of any series in this manner. For example, the value of the Structured Products may not exactly correlate with the value of the Underlying Asset. Due to fluctuations in supply and demand for Structured Products, there is no assurance that their value will correlate with movements of the Underlying Asset.

(i) Investors should note that in the event of there being a Settlement Disruption Event or a Market Disruption Event delivery of share certificates to underlying shares, electronic settlement of the underlying shares through CCASS or payment of the Cash Settlement Amount, as the case may be, may be delayed, all as more fully described in the Conditions.

(j) Certain events relating to the Underlying Asset permit the Issuer to make certain adjustments or amendments to the Conditions. An investor of any series of Structured Products has limited antidilution protection under the Conditions of the Structured Products. The Issuer may in its sole discretion adjust, among other things, the entitlement and the exercise price upon exercise or valuation of any series of Structured Product for events such as stock splits and stock dividends, however the Issuer is not required to make an adjustment for every event that may affect the Underlying Assets.

(k) In the case of Structured Products which relate to an Index ("**Index Linked Structured Products**"), a level for the Index may be published by the Index Compiler at a time when one or more shares comprising in the Index are not trading. If this occurs on a Valuation Date and there is no Market Disruption Event called under the terms of the relevant Index Linked Structured Products then the value of such shares will not be included in the closing level of the Index. In addition, certain events relating to the Index (including a material change in the formula or the method of calculating the Index or a failure to publish the Index) permits the Issuer to determine the level of the Index on the basis of the formula or method last in effect prior to such change or formula.

(l) It is not possible to predict if and to what extent a secondary market may develop in any series of Structured Products or at what price such series of Structured Products will trade in the secondary market or whether such market will be liquid or illiquid. The fact that the Structured Products may be so listed does not necessarily lead to greater liquidity than if they were not so listed.

In the event of a delisting of any series of Structured Products on the Stock Exchange (other than at expiry or maturity), the Issuer will use all reasonable efforts to list the affected series of Structured Products on another exchange. If any series of Structured Products are not listed or traded on any exchange, pricing information for such series of Structured Products may be difficult to obtain and the liquidity of that series of Structured Products may be adversely affected.

The liquidity of any series of Structured Products may also be affected by restrictions on offers and sales of the Structured Products in some jurisdictions. Transactions in off-exchange Structured Products may involve greater risks than dealing in exchange-traded Structured Products. To the extent that Structured Products of any series are exercised or closed out, the number of Structured Products outstanding to that series will decrease, which may result in a lessening of the liquidity of Structured Products. A lessening of the liquidity of the affected series of Structured Products may cause, in turn, an increase in the volatility associated with the price of such Structured Products.

(m) The Issuer and its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Assets for their proprietary accounts and/or for accounts under their management and/or to hedge against the market risk associated with issuing the Structured Products. Such transactions may have a positive or negative effect on the value of the Underlying Assets and consequently upon the value of the relevant series of Structured Products. In addition, the Issuer and its subsidiaries or affiliates may from time to time act in other capacities with regard to the Structured Products, such as in an agency capacity and/or as the liquidity provider. Furthermore, the Issuer, and its subsidiaries or affiliates may also issue other derivative instruments in respect of the Underlying Assets and the introduction of such competing products into the market place may affect the value of the relevant series of Structured Products. The Issuer and its subsidiaries or affiliates may also act as underwriter in connection with future offerings of shares or other securities or may act as financial adviser to the issuer, or sponsor, as the case may be, of any such share or other security or in a commercial banking capacity for the issuer of any share or other security. Such activities could present certain conflicts of interest and may affect the value of the Structured Products.

If the Issuer determines in good faith that the performance of its obligations under any series of Structured Products has become unlawful or impractical in whole or in part, the Issuer may at its sole and absolute discretion and without obligation, terminate early such series of Structured Products, in which event the Issuer to the extent permitted by any relevant applicable law, will pay to each holder of the related Structured Products an amount as determined by the Issuer, in its sole and absolute discretion, in accordance with the Conditions. If the Issuer terminates any series of Structured Products prior to the Expiry Date or Maturity Date as the case may be, the Issuer will, if and to the extent permitted by any relevant applicable law, pay each holder of such series an amount determined by the Issuer, in its sole and absolute discretion, to be the fair market value of the relevant Structured Products immediately prior to such termination or otherwise determined as specified in the relevant Conditions, notwithstanding the illegality or impracticality.

(n) Whilst the Issuer has/or will appoint a liquidity provider for the purpose of making a market for each series of Structured Products, there may be circumstances outside the control of the Issuer or the appointed liquidity provider where the appointed liquidity provider's ability to make a market in some or all series of Structured Products is limited, restricted, and/or without limitation frustrated. In such circumstances the Issuer will, to the extent practicable, use its best endeavours to appoint an alternate liquidity provider.

(o) Investors should note that there may be an exchange rate risk in the case of Structured Products where the Cash Settlement Amount will be converted from a foreign currency into Hong Kong dollars. Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Securities. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant 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 Structured Products will be representative of the relevant rates of exchange used in computing the value of the relevant Structured Products at any time thereafter. Where Structured Products are described as being "quantoed", the value of the Underlying Assets will be converted from one currency (the "**Original Currency**") into a new currency (the "**New Currency**") on the date and in the manner specified in, or implied by, the Conditions using a fixed exchange rate. The cost to the Issuer of maintaining such a fixing between the Original Currency and the New Currency will have an implication on the value of the Structured Products. The implication will vary during the term of the Structured Products. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Original Currency and the New Currency, a quanto feature in a Structured Product would at any time enhance the return on the Structured Product over a level of a similar structured product issued without such a quanto feature.

(p) Any downgrading of the Issuer's rating by rating agencies such as Moody's Investors Service, Inc. or Standard & Poor's Rating Services, a division of The McGraw Hill Companies Inc., could result in a reduction in the value of the Structured Products.

(q) The Issuer may enter into discount, commission or fee arrangements with brokers and/or any of its affiliates with respect to the primary or secondary market in the Structured Products. The Issuer may enter into arrangements where it will agree to pay commission of up to a specified percentage as prescribed in the relevant Supplemental Listing Document to certain brokers on transactions in particular series of Structured Products on behalf of the clients of those relevant brokers. The arrangements may result in a benefit to investors in Structured Products buying and selling Structured Products through nominated brokers by reducing the commission that was paid directly by those holders of Structured Products.

Investors in Structured Products should note that any brokers with whom the Issuer has a commission arrangement does not, and cannot be expected to deal, exclusively in the Structured Products, therefore any broker and/or its subsidiaries or affiliates may from time to time engage in transactions involving the Underlying Assets and/or the structured products of other issuers over the same Underlying Assets as the Structured Products, or other underlying assets as the case may be, for their proprietary accounts and/or for the accounts of their clients. The fact that the same broker may deal simultaneously for different clients in competing products in the market place may affect the value of the Structured Products and present certain conflicts of interests.

(r) The Issuer has the obligation to deliver to investors in accordance with the Conditions of each series of Structured Product either the Underlying Asset or the Cash Settlement Amount upon expiry or maturity, as the case may be. It is not the intention of the Issuer by the issue of any Structured Product (expressed, implicit or otherwise) to create a deposit liability of the Issuer or a debt obligation of any kind.

(s) An investor in Structured Products will not be entitled to voting rights or rights to receive dividends or other distribution or any other rights that a holder of the Underlying Asset would normally be entitled to unless specifically indicated as otherwise in the Conditions to such series of Structured Product.

(t) Prospective investors in the Structured Products 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 Structured Products are transferred. Prospective investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, prospective investors 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.

(u) Each Structured Product will be represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS). Investors should note that a risk of investing in a security that is issued in global registered form and held on his behalf within a clearing system effectively means that evidence of title to his interest, as well as the efficiency of ultimate delivery of the Settlement Amount, will be subject to the CCASS Rules. Amongst the risks an investor should be aware of are:

- an investor will not receive definitive certificates where the Structured Products remain in the name of HKSCC Nominees Limited for the entire life of the Structured Products;

- any register that is maintained by the Issuer or on behalf of the Issuer, whilst available for inspection by any investor, will not be capable of registering any interests other than that of the legal title owner, in other words, it will record at all times that the Structured Products are being held by HKSCC Nominees Limited;

- an investor will have to rely solely upon his broker/custodians and the statements he receives from such party as evidence of his interest in the investment;

- notices or announcements will be published on the HKEx website and/or released by HKSCC to its participants via CCASS. Investors will need to check the HKEx website regularly and/or rely on their brokers/custodians to obtain such notices/announcements; and

- following the Expiry Date or the Maturity Date as the case may be and the determination by the Issuer as to the Cash Settlement Amount or Physical Settlement Amount, the Issuer's obligations to an investor will be duly performed by the delivery of the Cash Settlement Amount or Physical Settlement Amount in accordance with the Conditions to HKSCC Nominees Limited as the "**holder**" of the Structured Products. HKSCC or HKSCC Nominees Limited will then distribute the received Cash Settlement Amount or Physical Settlement Amount to the respective CCASS participants in accordance with the CCASS Rules.

(v) Investors should note that an investment in the Index Linked Structured Products involves valuation risks in relation to the Index. The value of the Index may vary over time and may increase or decrease by reference to various factors which may include changes in the formula for or the method of calculating the Index. Certain (but not all) events relating to the Index underlying the Structured Products require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions (including, but not limited to, adjusting the Entitlement). However, the Issuer is not required to make an adjustment for every event that can affect the Index. If an event occurs that does not require the Issuer to adjust the Conditions, the market price of the Structured Products and the return upon the exercise of the Structured Products may be affected.

TAXATION

The comments below are of a general nature and are not intended to provide guidance, potential investors in Structured Products are strongly advised to consult their own tax advisers as to their respective tax position on purchase, ownership, transfer, holding or exercise of any Structured Products.

General

Investors in Structured Products may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Structured Product.

Taxation in Hong Kong

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

Profits Tax

No tax is payable in Hong Kong by way of withholding or otherwise in respect of dividends of any company which has issued the underlying shares or in respect of any capital gains arising on the sale of the underlying shares or Structured Products, except that Hong Kong profits tax may be chargeable on any such gains in the case of certain persons carrying on a trade, profession or business in Hong Kong.

Stamp Duty

No stamp duty liability should attach to either the transfer or the exercise of purely cash settled Structured Products.

Where shares are to be delivered to an investor pursuant to the Conditions, stamp duty will normally be payable since any person who effects a sale or purchase of "**Hong Kong Stock**", as defined in the Stamp Duty Ordinance (Cap 117, Laws of Hong Kong, as may be amended from time to time), whether as principal or as agent and whether such transaction is effected in Hong Kong or elsewhere, is required to execute a contract note evidencing such sale or purchase and have such contract note stamped with Hong Kong stamp duty.

As at the date of this document, contract notes will attract stamp duty at the rate of HK$2 per HK$1,000 or part thereof (of which HK$1 per HK$1,000 is payable by the seller and HK$1 per HK$1,000 is payable by the purchaser) by reference to the value of the consideration or market value, whichever is the greater. If, in the case of a sale or purchase of to be settled by physical settlement by a person who is not resident in Hong Kong, the stamp duty on either or both of the contract notes is not paid, the transferee will be liable to pay stamp duty on the instrument of transfer in an amount equal to all the unpaid duty. In addition, if the stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days thereafter if effected elsewhere), a penalty of up to ten times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of any shares to which any Structured Product relates.

Estate Duty

The Underlying Assets and the Structured Products may be Hong Kong property for the purposes of the Estate Duty Ordinance (Cap. 111, Laws of Hong Kong, as may be amended from time to time) and accordingly Hong Kong estate duty may be payable in respect thereof on the death of the owner of a Structured Product or the Underlying Asset, irrespective of the nationality, residence, domicile or citizenship of the deceased.

Taxation in The Netherlands

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

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

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of any series of Structured Products or possession or distribution of any offering material in relation to any Structured Products in any jurisdiction (other than Hong Kong) where action for the purpose is required. No offers, sales, re-sales, transfers or deliveries of any Structured Products, or distribution of any offering material relating to the Structured Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and which will not impose any obligation on the Issuer.

United States of America

Each series of Structured Products has not been, and will not be, registered under the Securities Act. Subject to certain exceptions, Structured Products or interests therein, may not at any time be offered, sold, resold, transferred 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 offering, sale or resale in the United States or to any such U.S. person. Offers and sales of Structured Products, or interests therein, in the United States or to 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. No person will offer, sell, re-sell, transfer or deliver any Structured Products within the United States or to U.S. persons, except as permitted by the Base Placing Agreement between the Issuer and the Sponsor, acting as manager. 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 any national or resident of the United States, including any corporation, partnership or other entity created or organised in or under the laws of the United States or of any political subdivision thereof, any estate or trust the income of which is subject to United States income taxation regardless of its source, and any other U.S. person as such term is defined in Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer, sale, re-sale, transfer or delivery of Structured Products within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

All applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect of anything done by any person in relation to the Structured Products in, from or otherwise involving the United Kingdom. The Structured Products have not been offered or sold and, prior to the expiry of six months from the issue date of an issue of Structured Products, will not be offered or sold to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995. Any document received by any person in connection with the issue of a series of Structured Products may only be issued or passed on in the United Kingdom to a person who is either a market counterparty or an intermediate customer as defined by the Financial Services Authority ("**FSA**"). The Issuer is regulated in the United Kingdom by the FSA.

The Netherlands

The Structured Products will only be offered in The Netherlands as part of their initial distribution or at any time thereafter, and such an offer may only be announced:

(a) if those Structured Products have been, or will likely shortly be, admitted to listing on the Official Market of Euronext Amsterdam N.V.'s stock market; or

(b) to persons who trade or invest in securities in the conduct of their profession or trade (which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors and commercial enterprises which as an ancillary activity regularly invest in securities) ("**professional investors**") (and in that case the Issuer shall ensure that:

   (i) its offer, and each announcement of its offer, of those Structured Products states that the offer is exclusively made to professional investors; and

   (ii) a copy of this Programme Prospectus has been submitted to the Securities Board of The Netherlands ("*Stichting Autoriteit Financiële Markten*") before the offer is made); or

(c) to persons who are established, domiciled or have their residence (collectively, "**are resident**") outside The Netherlands (and in that case the Issuer shall ensure that:

   (i) its offer, and each announcement of its offer, of those Structured Products states that the offer is not and will not be made to persons who are resident in The Netherlands;

   (ii) its offer, this Base Listing Document and each announcement of its offer comply with the laws and regulations of any State where persons to whom the offer is made are resident; and

   (iii) a statement by the Issuer that those laws and regulations are complied with is submitted to the Securities Board of the Netherlands before the offer is made and is included in each such announcement); or

(d) otherwise in accordance with the 1995 Act on the Supervision of the Securities Trade ("*Wet toezicht effectenverkeer 1995*").

In addition, Structured Products 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 Structured Products 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.

GENERAL INFORMATION

1 Dealings in securities on the Stock Exchange are required to be settled within two trading days from the transaction date. Such settlement can either be effected by physical delivery of the share certificates and executed instruments of transfer or, if the securities are admitted for deposit, clearing and settlement in CCASS, through CCASS. Dealings in the Structured Products will take place in the relevant Board Lots in Hong Kong Dollars. For further details on transfers of Structured Products and their exercise or settlement, see the Conditions of the relevant Structured Products.

2 The Securities and Futures Commission of Hong Kong charges a transaction levy at the aggregate rate of 0.007% (or such other rate as specified from time to time in the Securities and Futures Commission (Levy) (Securities) Order) in respect of each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the total consideration for the relevant securities. In addition, the Stock Exchange charges a trading fee on every purchase and sale of listed securities calculated at a rate of 0.005% (or such other rate as determined by the Stock Exchange from time to time) of the amount of the consideration of the relevant securities and is payable by each of the buyer and seller. Under the Conditions of the Structured Products, investors in Structured Products may be required to pay all the charges arising on the transfer of shares following the exercise or maturity of the Structured Products. See the Conditions of the relevant series of Structured Products.

3 Contingent liabilities exist in respect of claims and potential claims against the Issuer and its controlled entities. Where necessary, appropriate provisions have been made in the Issuer's financial statements. The Issuer does not consider that the outcome of any such claims known to exist at the date of this document, either individually or in aggregate, are likely to have a material adverse effect on its operations or financial position.

4 In several jurisdictions, legal proceedings have been initiated against the Issuer or its group companies whose financial statements have been included in the consolidated annual financial statements for the year 2004 of Holding. On the basis of information presently available, the Managing Board of the Issuer is of the opinion that the outcome of these proceedings is unlikely to have a material effect on the financial position of the Issuer. Save as disclosed in this document, there is no litigation or claims of material importance pending or threatened against ABN AMRO Group as a whole, the Issuer or Holding.

5 Save as disclosed herein there has been no material adverse change in the financial position of the Issuer or Holding since 31 December 2004.

6 The Auditors of Holding, Ernst & Young Accountants ("**Auditors**"), have given and have not withdrawn their written consent to the inclusion of their report dated 17 March 2005 and/or the references to their name, included herein, in the form and context in which they are included. The reports were not prepared exclusively for incorporation into this document. The Auditors do not have any shareholding in the Issuer or Holding or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or Holding or any of its subsidiaries.

7 The Sponsor is authorised to accept service of process on behalf of the Issuer (c/o 38th Floor Cheung Kong Center, 2 Queen's Road Central, Hong Kong).

8 Copies of the following documents may be inspected during usual business hours on any business day by investors in the Structured Products at the offices of the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong:

(A) the certificate of incorporation and constitution of the Issuer;

(B) the 2003 and 2004 annual reports of Holding;

(C) the consent letter from the Auditors to the Issuer referred to in paragraph 6 above;

(D) this document (including any addenda to this document), the relevant Supplemental Listing Document and a Chinese translation of each document; and

(E) the Instrument dated 21 April 2005.

9 The expenses in connection with any issue of Structured Products including printing and legal charges, will be payable by the Issuer.

TERMS AND CONDITIONS OF CASH SETTLED WARRANTS OVER SINGLE EQUITIES

These Conditions will, together with the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Conditions, replace or modify these Conditions for the purpose of such series of Warrants.

1. Form, Status, Transfer, Title and Additional Costs and Expenses

(A) The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 12) relating to the Shares of the Company are issued in registered form subject to and with the benefit of an instrument by way of deed poll (the "**Instrument**" as defined more fully in the relevant Supplemental Listing Document) executed by ABN AMRO Bank N.V. (the "**Issuer**") acting through its principal office in Amsterdam or its branch in London or such further or other branches as it may specify from time to time. The Warrantholder (as defined below) is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Warrants are represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by Hong Kong Securities Clearing Company Limited ("**HKSCC**") from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS) (the "**Nominee**"). No definitive certificate will be issued. The Warrants can only be exercised by HKSCC or the Nominee.

References in these Conditions to "Shares" shall be a reference to the shares of the Company.

(B) The settlement obligation of the Issuer in respect of the Warrants represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Warrants represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of warrants deposit liabilities of the Issuer or a debt obligation of any kind.

(C) Transfers of Warrants may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time (the "**CCASS Rules**").

(D) Each person who is for the time being shown in the register kept by the Issuer outside of Hong Kong as the holder shall be treated by the Issuer and ABN AMRO Asia Limited (the "**Sponsor**") as the absolute owner and holder of the Warrants. The expression "**Warrantholder**" shall be construed accordingly.

(E) Warrantholders shall note that they shall be responsible for additional costs and expenses in connection with any exercise of the Warrants including the Exercise Expenses (as defined below) which amount shall, subject to Condition 2(B) and to the extent necessary, be payable to the Issuer and collected from the Warrantholders.

2. Warrant Rights, Exercise Price and Exercise Expenses

(A) Every Board Lot initially entitles the Warrantholder, upon due exercise and upon compliance with these Conditions, in particular Condition 4, to payment of the Cash Settlement Amount (as defined below), if any.

(B) Upon exercise of the Warrants, the Warrantholder will be required to pay a sum equal to all the expenses resulting from the exercise of such Warrants. To effect such payment an amount equivalent to the Exercise Expenses (defined below) shall be deducted from the Cash Settlement Amount in accordance with Condition 4(F).

(C) For the purposes of these Conditions:

"**Average Price**" shall be the arithmetic mean of the closing prices of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments (as determined by the Issuer in accordance with these Conditions) to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date;

"**Board Lot**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is open for dealings in Hong Kong and banks are open for business in Hong Kong;

"**Cash Settlement Amount**" means:

(i) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Average Price – Exercise Price) x Board Lot}}{\text{Number of Warrants per Entitlement}}$$

(ii) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{\text{Entitlement x (Exercise Price – Average Price) x Board Lot}}{\text{Number of Warrants per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero.

"**CCASS**" means the Central Clearing and Settlement System;

"**Company**" means the company specified as such in the relevant Supplemental Listing Document;

"**Entitlement**" means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exercise Expenses**" means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of a Board Lot of Warrants;

"**Exercise Price**" means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Expiry Date**" means the date specified as such in the relevant Supplemental Listing Document;

"**Market Disruption Event**" means (1) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (a) the Shares; or (b) any options or futures contracts relating to the Shares if, in any such case, that such suspension or limitation is, in the determination of the Issuer, material, (2) the hoisting of the tropical cyclone warning signal number 8 or above or the issuance of a "BLACK" rainstorm signal by the Hong Kong Observatory which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for the opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the "BLACK" rainstorm signal having been hoisted or issued; or (3) a limitation/closure of the Stock Exchange due to any other unforeseen circumstances;

"**Share**" means the share specified as such in the relevant Supplemental Listing Document;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited; and

"**Valuation Date**" means, with respect to the exercise of Warrants and subject as provided below in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Exercise Date or the Expiry Date, as the case may be, relating to such exercise.

In the event that a Market Disruption Event has occurred and a Valuation Date is postponed in accordance with Condition 4(F), the closing price of the Shares on that first succeeding Business Day will be referenced more than once in the determination of the Cash Settlement Amount, so that in no event shall there be less than 5 closing prices to determine the Average Price.

Trading in Warrants on the Stock Exchange shall be ceased prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalized terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the relevant Supplemental Listing Document or Global Certificate (as defined below).

3. Exercise Period

(A) The Warrants may be exercised by valid delivery of an Exercise Notice (as defined below), in accordance with Condition 4 at any time during the Exercise Period. In the case of an exercise of American Style Warrants the Exercise Period shall be the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the Expiry Date, subject to prior termination of the Warrants as provided for in Condition 11. If the Expiry Date is not a Business Day the immediately succeeding Business Day shall be deemed the Expiry Date for the purposes of this Condition 3(A). Warrants may not be exercised at any other time.

Subject to Condition 4(B)(iii), in the case of an exercise of European Style Warrants, a reference to Exercise Period shall mean 10:00 a.m. on the Expiry Date only.

(B) Subject to Conditions 4(B)(iii) and 4(G), any Warrant which has not been exercised during the Exercise Period shall expire immediately thereafter and all rights of the Warrantholder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

(A) Warrants may only be exercised in Board Lots or integral multiples thereof.

(B) Delivery of an Exercise Notice:

(i) In the case of an exercise of American Style Warrants, in order to exercise Warrants, the Warrantholder shall deliver to the Sponsor a duly completed exercise notice obtainable from the Sponsor (an "**Exercise Notice**"), such delivery to be made at any time during the Exercise Period.

In the case of an exercise of European Style Warrants, there will be no requirement to deliver an Exercise Notice and Warrants will be automatically exercised (if in the money in accordance with Conditions 4B(iii) and 4(G)).

(ii) The date upon which a Warrant is, or is to be treated as, exercised (an "**Exercise Date**") shall be the Business Day on which an Exercise Notice is delivered to the Sponsor and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Conditions, provided that any Exercise Notice received by the Sponsor after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(iii) Any Warrant with respect to which an Exercise Date (as defined above) has not occurred during the Exercise Period will automatically be exercised on the Expiry Date (without notice being given to the Warrantholder). The Warrantholder will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Warrantholder the Cash Settlement Amount (if any) in accordance with Condition 4(F).

(C) Any Exercise Expenses which were not determined by the Issuer on the Exercise Date and/or the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Warrantholder in accordance with Condition 4, shall be notified to the Warrantholder as soon as practicable after determination thereof by the Issuer and shall be paid by the Warrantholder to the Issuer immediately upon demand.

(D) Delivery of an Exercise Notice in accordance with Condition 4(B) shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authority to the Issuer to deduct the determined Exercise Expenses from the Cash Settlement Amount.

(E) Subject to a valid exercise or deemed exercise of Warrants in accordance with these Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Exercise Date and/or Expiry Date as the case may be, remove the name of the Warrantholder from the register of Warrantholders in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and if applicable cancel the Global Certificate (as defined below).

(F) Upon a valid exercise or deemed exercise of Warrants in accordance with these Conditions, the Issuer will pay the Cash Settlement Amount minus determined Exercise Expenses to the relevant Warrantholder.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than three Business Days following the Exercise Date or the Expiry Date, as the case may be ("**Settlement Date**"), by crediting that amount in accordance with the CCASS Rules, to the relevant bank account designated by the Warrantholder (the "**Designated Bank Account**").

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that is already or is deemed to be a Valuation Date, provided that if there is a Market Disruption Event on each of the five days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date, then: (i) that fifth day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event, and (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the bid price that would have prevailed on that fifth day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Exercise Date or the Expiry Date then (i) the day immediately preceding the Exercise Date or the Expiry Date, as the case may be (the "**Last Valuation Date**"), shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the bid price that would have prevailed on the Last Valuation Date but for the Market Disruption Event.

"**day**" means for the purposes of this Condition 4(F) a day on which (excluding Saturday) banks and the Stock Exchange are normally open for business in Hong Kong.

(G) Any Warrants which have not been exercised in the manner set out in Condition 4(B) before the Expiry Date shall be automatically exercised on that date, without notice to the Warrantholder or the requirement of the service of an Exercise Notice if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Conditions) will be positive. In respect of each Board Lot the Cash Settlement Amount shall be paid in the manner set out in Condition 4(F) above.

(H) The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Condition 4(F) above.

5. Sponsor

(A) The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Warrantholder.

(B) The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Warrants are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Warrantholder in accordance with Condition 10.

6. Adjustments

Adjustments may be made by the Issuer to the number of Shares to which the Warrants relate on the basis of the following provisions:

(A) *Rights Issues.* If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement may be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing bid price of an existing Share as derived from the Daily Quotation Sheet of the Stock Exchange on the last Business Day on which the Shares are traded on a Cum-Rights basis

R: Subscription price per new Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to less than one per cent. of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. The adjustment to the Exercise Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Conditions:

"**Rights**" means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

(B) *Bonus Issues.* If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a "**Bonus Issue**") the Entitlement shall be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement ("**Bonus Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to less than one per cent. of the Entitlement, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. The adjustment to the Exercise Price shall take effect on the Bonus Issue Adjustment Date.

(C) *Subdivision and Consolidations.* If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a "**Subdivision**") or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a "**Consolidation**") the Entitlement in effect immediately prior thereto will be increased (in the case of a Subdivision) or decreased (in the case of a Consolidation) in the same ratio as the Subdivision or Consolidation (as the case may be) on the day on which the Subdivision or Consolidation takes effect. Such adjusted Entitlement is called "**Adjusted Entitlement**". In addition, the Issuer shall adjust the Exercise Price (which shall be rounded to the nearest Hong Kong dollar 0.001) by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. The adjustment to the Exercise Price shall take effect on the same date on which the Subdivision or Consolidation (as the case may be) takes effect.

(D) *Restructuring Events.* If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a "**Restructuring Event**") (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities ("**Substituted Securities**") and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this paragraph and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to the Shares shall include any such cash.

(E) *Other Adjustments.* Except as provided in Conditions 6 and 13, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (i) considered by the Issuer not to be materially prejudicial to the Warrantholder generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

(F) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 10.

7. Purchase

The Issuer or any of its subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Global Certificate

A global warrant certificate (the "**Global Certificate**") representing the Warrants will be deposited within CCASS in the name of HKSCC Nominees Limited. The Global Certificate must be executed manually on behalf of the Issuer by authorised person(s) or attorney(s) of the Issuer.

9. Meetings of Warrantholders and Modification

(A) *Meetings of Warrantholders.* The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Warrants or of the Instrument.

Any resolution to be passed in a meeting of the Warrantholders shall be decided by poll. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than 10 per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders as, being entitled to do so, vote by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

In the case of Warrants which are expressed to be American Style, Warrants which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Warrantholders.

Resolutions can be passed in writing without a meeting of the Warrantholders being held if passed unanimously.

(B) *Modification.* The Issuer may, without the consent of the Warrantholder, effect any modification of the provisions of the Warrants or the Instrument which is (i) not materially prejudicial to the interests of the Warrantholder; (ii) of a formal, minor or technical nature; (iii) made to correct an obvious error; or (iv) necessary in order to comply with mandatory provisions of the laws of Hong Kong (as defined below). Any such modification shall be binding on the Warrantholder and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with Condition 10.

10. Notices

(A) *Web-site publication.* All notices to the Warrantholder will be validly given if published in English and in Chinese on the HKEx website. In such circumstances, the Issuer shall not be required to despatch copies of the notice to the Warrantholder.

(B) *Request for copies.* If so requested by the Warrantholders (such request to be communicated to the Issuer or the Sponsor), the Issuer will deliver or procure delivery of copies of the notices published pursuant to Condition 10(A) by post addressed to such Warrantholder at the address recorded in the register of Warrantholders kept by the Issuer and airmail post shall be used if that address is not in Hong Kong. Copies of the notices delivered or sent in accordance with this Condition shall be sent or delivered at the risk of such Warrantholders.

11. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

12. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholder, to create and issue further warrants so as to form a single series with the Warrants.

13. Delisting

(A) If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantholder generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of the Warrantholder or the tax or other consequences that may result in any particular jurisdiction).

(B) Without prejudice to the generality of Condition 13(A), where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Warrantholder, make such adjustments to the entitlements of the Warrantholder on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.

(C) The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantholder save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholder in accordance with Condition 10 as soon as practicable after they are determined.

14. Taxation

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

15. Governing Law

The Warrants and the Instrument will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

16. Language

A Chinese translation of these Conditions will be made available for collection during normal office hours from the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. In the event of any inconsistency between the Chinese translation of these Conditions and the English version of these Conditions, the English version of these Conditions shall prevail.

17. Prescription

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within ten years of the Exercise Date or the Expiry Date (as the case may be) and thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

Sponsor:

ABN AMRO Asia Limited
40th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

TERMS AND CONDITIONS OF CASH SETTLED AVERAGE RETURN WARRANTS OVER SINGLE EQUITIES

These Conditions will, together with the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Conditions, replace or modify these Conditions for the purpose of such series of Warrants.

1. Form, Status, Transfer, Title and Additional Costs and Expenses

(A) The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 12) relating to the Shares of the Company are issued in registered form subject to and with the benefit of an instrument by way of deed poll (the "**Instrument**" as defined more fully in the relevant Supplemental Listing Document) executed by ABN AMRO Bank N.V. (the "**Issuer**") acting through its principal office in Amsterdam or its branch in London or such further or other branches as it may specify from time to time. The Warrantholder (as defined below) is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Warrants are represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by Hong Kong Securities Clearing Company Limited ("**HKSCC**") from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS) (the "**Nominee**"). No definitive certificate will be issued. The Warrants can only be exercised by HKSCC or the Nominee.

References in these Conditions to "Shares" shall be a reference to the shares of the Company.

(B) The settlement obligation of the Issuer in respect of the Warrants represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Warrants represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of warrants deposit liabilities of the Issuer or a debt obligation of any kind.

(C) Transfers of Warrants may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time (the "**CCASS Rules**").

(D) Each person who is for the time being shown in the register kept by the Issuer outside of Hong Kong as the holder shall be treated by the Issuer and ABN AMRO Asia Limited (the "**Sponsor**") as the absolute owner and holder of the Warrants. The expression "**Warrantholder**" shall be construed accordingly.

(E) Warrantholders shall note that they shall be responsible for additional costs and expenses in connection with any exercise of the Warrants including the Exercise Expenses (as defined below) which amount shall, subject to Condition 2(B) and to the extent necessary, be payable to the Issuer and collected from the Warrantholders.

2. Warrant Rights, Exercise Price and Exercise Expenses

(A) Every Board Lot initially entitles the Warrantholder, upon due exercise and upon compliance with these Conditions, in particular Condition 4, to payment of the Cash Settlement Amount (as defined below), if any.

(B) Upon exercise of the Warrants, the Warrantholder will be required to pay a sum equal to all the expenses resulting from the exercise of such Warrants. To effect such payment an amount equivalent to the Exercise Expenses (defined below) shall be deducted from the Cash Settlement Amount in accordance with Condition 4(F).

(C) For the purposes of these Conditions:

"**Board Lot**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is open for dealings in Hong Kong and banks are open for business in Hong Kong;

"**Cash Settlement Amount**" means:

(i) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \text{Entitlement} \times \left(\frac{\text{Sum of the Periodic Reference Prices}}{\text{Number of Periodic Fixing Dates}} - \text{Exercise Price} \right) \times \frac{\text{Board Lot}}{\text{Number of Warrants per Entitlement}}$$

(ii) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \text{Entitlement} \times \left(\text{Exercise Price} - \frac{\text{Sum of the Periodic Reference Prices}}{\text{Number of Periodic Fixing Dates}} \right) \times \frac{\text{Board Lot}}{\text{Number of Warrants per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero.

"**CCASS**" means the Central Clearing and Settlement System;

"**Company**" means the company specified as such in the relevant Supplemental Listing Document;

"**Entitlement**" means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exercise Expenses**" means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of a Board Lot of Warrants;

"**Exercise Price**" means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Expiry Date**" means the date specified as such in the relevant Supplemental Listing Document;

"**Market Disruption Event**" means (1) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (a) the Shares; or (b) any options or futures contracts relating to the Shares if, in any such case, that such suspension or limitation is, in the determination of the Issuer, material, (2) the hoisting of the tropical cyclone warning signal number 8 or above or the issuance of a "BLACK" rainstorm signal by the Hong Kong Observatory which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for the opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the "BLACK" rainstorm signal having been hoisted or issued; or (3) a limitation/closure of the Stock Exchange due to any other unforeseen circumstances;

"**Periodic Reference Price**" means, in respect of each Periodic Fixing Date, the arithmetic mean of the closing prices of one Share (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments (as determined by the Issuer in accordance with the Conditions) to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each of the five Valuation Dates prior to such Periodic Fixing Date;

"**Periodic Fixing Date**" means the date specified as such in the relevant Supplemental Listing Document;

"**Share**" means the share specified as such in the relevant Supplemental Listing Document;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited; and

"**Valuation Date**" means, with respect to the exercise of Warrants and each Periodic Fixing Date, and subject as provided below in relation to a Market Disruption Event, each of the five Business Days immediately preceding such Periodic Fixing Date.

In the event that a Market Disruption Event has occurred and a Valuation Date is postponed in accordance with Condition 4(F), the closing price of the Shares on that first succeeding Business Day will be referenced more than once in the determination of the relevant Periodic Reference Price, so that in no event shall there be less than 5 closing prices to determine the relevant Periodic Reference Price.

Trading in Warrants on the Stock Exchange shall be ceased prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalized terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the relevant Supplemental Listing Document or Global Certificate (as defined below).

3. Exercise Period

(A) The Warrants may be exercised by valid delivery of an Exercise Notice (as defined below), in accordance with Condition 4 at any time during the Exercise Period. In the case of an exercise of American Style Warrants the Exercise Period shall be the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the Expiry Date, subject to prior termination of the Warrants as provided for in Condition 11. If the Expiry Date is not a Business Day the immediately succeeding Business Day shall be deemed the Expiry Date for the purposes of this Condition 3(A). Warrants may not be exercised at any other time.

Subject to Condition 4(B)(iii), in the case of an exercise of European Style Warrants, a reference to Exercise Period shall mean 10:00 a.m. on the Expiry Date only.

(B) Subject to Conditions 4(B)(iii) and 4(G), any Warrant which has not been exercised during the Exercise Period shall expire immediately thereafter and all rights of the Warrantholder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

(A) Warrants may only be exercised in Board Lots or integral multiples thereof.

(B) Delivery of an Exercise Notice:

(i) In the case of an exercise of American Style Warrants, in order to exercise Warrants, the Warrantholder shall deliver to the Sponsor a duly completed exercise notice obtainable from the Sponsor (an "**Exercise Notice**"), such delivery to be made at any time during the Exercise Period.

In the case of an exercise of European Style Warrants, there will be no requirement to deliver an Exercise Notice and Warrants will be automatically exercised (if in the money in accordance with Conditions 4B(iii) and 4(G)).

(ii) The date upon which a Warrant is, or is to be treated as, exercised (an "**Exercise Date**") shall be the Business Day on which an Exercise Notice is delivered to the Sponsor and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Conditions, provided that any Exercise Notice received by the Sponsor after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(iii) Any Warrant with respect to which an Exercise Date (as defined above) has not occurred during the Exercise Period will automatically be exercised on the Expiry Date (without notice being given to the Warrantholder). The Warrantholder will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Warrantholder the Cash Settlement Amount (if any) in accordance with Condition 4(F).

(C) Any Exercise Expenses which were not determined by the Issuer on the Exercise Date and/or the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Warrantholder in accordance with Condition 4, shall be notified to the Warrantholder as soon as practicable after determination thereof by the Issuer and shall be paid by the Warrantholder to the Issuer immediately upon demand.

(D) Delivery of an Exercise Notice in accordance with Condition 4(B) shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authority to the Issuer to deduct the determined Exercise Expenses from the Cash Settlement Amount.

(E) Subject to a valid exercise or deemed exercise of Warrants in accordance with these Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Exercise Date and/or Expiry Date as the case may be, remove the name of the Warrantholder from the register of Warrantholders in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and if applicable cancel the Global Certificate (as defined below).

(F) Upon a valid exercise or deemed exercise of Warrants in accordance with these Conditions, the Issuer will pay the Cash Settlement Amount minus determined Exercise Expenses to the relevant Warrantholder.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than three Business Days following the Exercise Date or the Expiry Date, as the case may be, ("**Settlement Date**") by crediting that amount in accordance with the CCASS Rules, to the relevant bank account designated by the Warrantholder (the "**Designated Bank Account**").

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that is already or is deemed to be a Valuation Date, provided that if there is a Market Disruption Event on each of the five days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date, then: (i) that fifth day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event, and (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the bid price that would have prevailed on that fifth day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the relevant Periodic Fixing Date then (i) the day immediately preceding the relevant Periodic Fixing Date, (the "**Last Valuation Date**") shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the bid price that would have prevailed on the last Valuation Date but for the Market Disruption Event.

"**day**" means for the purposes of this Condition 4(F) a day on which (excluding Saturday) banks and the Stock Exchange are normally open for business in Hong Kong.

(G) Any Warrants which have not been exercised in the manner set out in Condition 4(B) before the Expiry Date shall be automatically exercised on that date, without notice to the Warrantholder or the requirement of the service of an Exercise Notice if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Conditions) will be positive. In respect of each Board Lot the Cash Settlement Amount shall be paid in the manner set out in Condition 4(F) above.

(H) The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Condition 4(F) above.

5. Sponsor

(A) The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Warrantholder.

(B) The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Warrants are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Warrantholder in accordance with Condition 10.

6. Adjustments

Adjustments may be made by the Issuer to the number of Shares to which the Warrants relate on the basis of the following provisions:

(A) *Rights Issues.* If and whenever the Company shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

E: Existing Entitlement immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing bid price of an existing Share as derived from the Daily Quotation Sheet of the Stock Exchange on the last Business Day on which the Shares are traded on a Cum-Rights basis

R: Subscription price per new Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right

M: Number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to less than one per cent. of the Entitlement immediately prior to the adjustment, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price and any Periodic Reference Price (each of which shall be rounded to the nearest Hong Kong dollar 0.001) determined on a date prior to the Rights Issue Adjustment Date, by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. The adjustment to the Exercise Price and any Periodic Reference Price shall take effect on the Rights Issue Adjustment Date.

For the purposes of these Conditions:

"**Rights**" means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

(B) *Bonus Issues.* If and whenever the Company shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a "**Bonus Issue**") the Entitlement will be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement ("**Bonus Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement} = (1 + N) \times E$$

Where:

E: Existing Entitlement immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to less than one per cent. of the Entitlement, then no adjustment will be made. In addition, the Issuer shall adjust the Exercise Price and any Periodic Reference Price (each of which shall be rounded to the nearest Hong Kong dollar 0.001) determined on a date prior to the Bonus Issue Adjustment Date, by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. The adjustment to the Exercise Price and any Periodic Reference Price shall take effect on the Bonus Issue Adjustment Date.

(C) *Subdivision and Consolidations.* If and whenever the Company shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a "**Subdivision**") or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a "**Consolidation**") (the Entitlement in effect immediately prior thereto will be increased (in the case of a Subdivision) or decreased (in the case of a Consolidation) in the same ratio as the Subdivision or Consolidation (as the case may be) on the day on which the Subdivision or Consolidation takes effect. Such adjusted Entitlement is called "**Adjusted Entitlement**". In addition, the Issuer shall adjust the Exercise Price and any Periodic

Reference Price (each of which shall be rounded to the nearest Hong Kong dollar 0.001) determined on a date prior to the date on which the Subdivision or Consolidation (as the case may be) takes effect, by the reciprocal of the Adjusted Entitlement, where the reciprocal of the Adjusted Entitlement means one divided by the relevant Adjusted Entitlement. The adjustment to the Exercise Price and any Periodic Reference Price shall take effect on the same date on which the Subdivision or Consolidation (as the case may be) takes effect.

(D) *Restructuring Events.* If it is announced that the Company is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where the Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a "**Restructuring Event**") (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities ("**Substituted Securities**") and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this paragraph and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to the Shares shall include any such cash.

(E) *Other Adjustments.* Except as provided in Conditions 6 and 13, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (i) considered by the Issuer not to be materially prejudicial to the Warrantholder generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

(F) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 10.

7. Purchase

The Issuer or any of its subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Global Certificate

A global warrant certificate (the "**Global Certificate**") representing the Warrants will be deposited within CCASS in the name of HKSCC Nominees Limited. The Global Certificate must be executed manually on behalf of the Issuer by authorised person(s) or attorney(s) of the Issuer.

9. Meetings of Warrantholders and Modification

(A) *Meetings of Warrantholders.* The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Warrants or of the Instrument.

Any resolution to be passed in a meeting of the Warrantholders shall be decided by poll. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than 10 per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders as, being entitled to do so, vote by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

In the case of Warrants which are expressed to be American Style, Warrants which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Warrantholders.

Resolutions can be passed in writing without a meeting of the Warrantholders being held if passed unanimously.

(B) *Modification.* The Issuer may, without the consent of the Warrantholder, effect any modification of the provisions of the Warrants or the Instrument which is (i) not materially prejudicial to the interests of the Warrantholder; (ii) of a formal, minor or technical nature; (iii) made to correct an obvious error; or (iv) necessary in order to comply with mandatory provisions of the laws of Hong Kong (as defined below). Any such modification shall be binding on the Warrantholder and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with Condition 10.

10. Notices

(A) *Web-site publication.* All notices to the Warrantholder will be validly given if published in English and in Chinese on the HKEx website. In such circumstances, the Issuer shall not be required to despatch copies of the notice to the Warrantholder.

(B) *Request for copies.* If so requested by the Warrantholders (such request to be communicated to the Issuer or the Sponsor), the Issuer will deliver or procure delivery of copies of the notices published pursuant to Condition 10(A) by post addressed to such Warrantholder at the address recorded in the register of Warrantholders kept by the Issuer and airmail post shall be used if that address is not in Hong Kong. Copies of the notices delivered or sent in accordance with this Condition shall be sent or delivered at the risk of such Warrantholders.

11. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

12. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholder, to create and issue further warrants so as to form a single series with the Warrants.

13. Delisting

(A) If at any time the Shares cease to be listed on the Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantholder generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of the Warrantholder or the tax or other consequences that may result in any particular jurisdiction).

(B) Without prejudice to the generality of Condition 13(A), where the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Warrantholder, make such adjustments to the entitlements of the Warrantholder on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.

(C) The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantholder save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholder in accordance with Condition 10 as soon as practicable after they are determined.

14. Taxation

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

15. Governing Law

The Warrants and the Instrument will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

16. Language

A Chinese translation of these Conditions will be made available for collection during normal office hours from the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. In the event of any inconsistency between the Chinese translation of these Conditions and the English version of these Conditions, the English version of these Conditions shall prevail.

17. Prescription

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within ten years of the Exercise Date or the Expiry Date (as the case may be) and thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

Sponsor:

ABN AMRO Asia Limited
40th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

TERMS AND CONDITIONS OF THE BASKET WARRANTS

These Conditions will, together with the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Conditions, replace or modify these Conditions for the purpose of such series of Warrants.

1. Form, Status, Transfer, Title and Additional Costs and Expenses

(A) The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 12) relating to the Shares of the Company are issued in registered form subject to and with the benefit of an instrument by way of deed poll (the "**Instrument**" as defined more fully in the relevant Supplemental Listing Document) executed by ABN AMRO Bank N.V. (the "**Issuer**") acting through its principal office in Amsterdam or its branch in London or such further or other branches as it may specify from time to time. The Warrantholder (as defined below) is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Warrants are represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by Hong Kong Securities Clearing Company Limited ("**HKSCC**") from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS) (the "**Nominee**"). No definitive certificate will be issued. The Warrants can only be exercised by HKSCC or the Nominee.

References in these Conditions to "Company" shall be a reference to a company comprising one of the Companies and references to "Shares" shall be a reference to the shares of the Companies or, as the context requires, to the shares of a particular Company.

(B) The settlement obligation of the Issuer in respect of the Warrants represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Warrants represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of warrants deposit liabilities of the Issuer or a debt obligation of any kind.

(C) Transfers of Warrants may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time (the "**CCASS Rules**").

(D) Each person who is for the time being shown in the register kept by the Issuer outside of Hong Kong as the holder shall be treated by the Issuer and ABN AMRO Asia Limited (the "**Sponsor**") as the absolute owner and holder of the Warrants. The expression "**Warrantholder**" shall be construed accordingly.

(E) Warrantholders shall note that they shall be responsible for additional costs and expenses in connection with any exercise of the Warrants including the Exercise Expenses (as defined below) which amount shall, subject to Condition 2(B) and to the extent necessary, be payable to the Issuer and collected from the Warrantholders.

2. Warrant Rights, Exercise Price and Exercise Expenses

(A) Every Exercise Amount initially entitles the Warrantholder, upon due exercise and upon compliance with these Conditions, in particular Condition 4, to payment of the Cash Settlement Amount (as defined below), if any.

(B) Upon exercise of the Warrants, the Warrantholder will be required to pay a sum equal to all the expenses resulting from the exercise of such Warrants. To effect such payment an amount equivalent to the Exercise Expenses (defined below) shall be deducted from the Cash Settlement Amount in accordance with Condition 4(F).

(C) For the purposes of these Conditions:

"**Average Price**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Basket**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Basket Components**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Board Lot**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is open for dealings in Hong Kong and banks are open for business in Hong Kong;

"**Cash Settlement Amount**" means for every Exercise Amount, an amount in Hong Kong dollars calculated by the Issuer as follows;

(i) In the case of a series of Call Warrants:

(1) the sum of each of the Basket Components of the Companies that comprise the Basket (subject to adjustment as provided in Condition 6) multiplied by the arithmetic mean of the closing price of the relevant Share to which each Basket Component relates (as derived from the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date less (2) the Exercise Price; or

(ii) In the case of a series of Put Warrants:

(1) the Exercise Price less (2) the sum of each of the Basket Components of the Companies that comprise the Basket (subject to adjustment as provided in Condition 6) multiplied by the arithmetic mean of the closing price of the relevant Share to which each Basket Component relates (as derived form the Daily Quotation Sheet of the Stock Exchange, subject to any adjustments to such closing prices as may be necessary to reflect any capitalisation, rights issue, distribution or the like) for each Valuation Date;

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero.

"**CCASS**" means the Central Clearing and Settlement System;

"**Company**" means the company specified as such in the relevant Supplemental Listing Document;

"**Entitlement**" means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exercise Amount**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Exercise Expenses**" means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of a Board Lot of Warrants;

"**Exercise Price**" means the price specified as such in the relevant Supplemental Listing Document;

"**Expiry Date**" means the date specified as such in the relevant Supplemental Listing Document;

"**Market Disruption Event**" means (1) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Stock Exchange or otherwise) on the Stock Exchange in (a) the Shares; or (b) any options or futures contracts relating to the Shares if, in any such case, that such suspension or limitation is, in the determination of the Issuer, material; (2) the hoisting of the tropical cyclone warning signal number 8 or above or the issuance of a "BLACK" rainstorm signal by the Hong Kong Observatory which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for open of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the "BLACK" rainstorm signal having been hoisted or issued; or (3) a limitation/closure of the Stock Exchange due to any other unforeseen circumstances;

"**Share**" means each share specified as such in the relevant Supplemental Listing Document;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited; and

"**Valuation Date**" means, with respect to the exercise of Warrants and subject as provided below in relation to a Market Disruption Event, each of the five Business Days immediately preceding the Exercise Date or the Expiry Date, as the case may be, relating to such exercise.

In the event that a Market Disruption Event has occurred and a Valuation Date is postponed in accordance with Condition 4(F), the closing price of the Shares on that first succeeding Business Day will be referenced more than once in the determination of the Cash Settlement Amount, so that in no event shall there be less than 5 closing prices to determine the Average Price.

Trading in Warrants on the Stock Exchange shall be ceased prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalized terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the relevant Supplemental Listing Document or Global Certificate (as defined below).

3. Exercise Period

(A) The Warrants may be exercised by valid delivery of an Exercise Notice (as defined below), in accordance with Condition 4 at any time during the Exercise Period. In the case of an exercise of American Style Warrants the Exercise Period shall be the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the Expiry Date, subject to prior termination of the Warrants as provided for in Condition 11. If the Expiry Date is not a Business Day the immediately succeeding Business Day shall be deemed the Expiry Date for the purposes of this Condition 3(A). Warrants may not be exercised at any other time.

Subject to Condition 4(B)(iii), in the case of an exercise of European Style Warrants, a reference to Exercise Period shall mean 10:00 a.m. on the Expiry Date only.

(B) Subject to Conditions 4(B)(iii) and 4(G), any Warrant which has not been exercised during the Exercise Period shall expire immediately thereafter and all rights of the Warrantholder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

(A) Warrants may only be exercised in Board Lots or integral multiples thereof.

(B) Delivery of an Exercise Notice:

(i) In the case of an exercise of American Style Warrants, in order to exercise Warrants, the Warrantholder shall deliver to the Sponsor a duly completed exercise notice obtainable from the Sponsor (an "**Exercise Notice**"), such delivery to be made at any time during the Exercise Period.

In the case of an exercise of European Style Warrants, there will be no requirement to deliver an Exercise Notice and Warrants will be automatically exercised (if in the money in accordance with Conditions 4B(iii) and 4(G)).

(ii) The date upon which a Warrant is, or is to be treated as, exercised (an "**Exercise Date**") shall be the Business Day on which an Exercise Notice is delivered to the Sponsor and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Conditions, provided that any Exercise Notice received by the Sponsor after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(iii) Any Warrant with respect to which an Exercise Date (as defined above) has not occurred during the Exercise Period will automatically be exercised on the Expiry Date (without notice being given to the Warrantholder). The Warrantholder will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Warrantholder the Cash Settlement Amount (if any) in accordance with Condition 4(F).

(C) Any Exercise Expenses which were not determined by the Issuer on the Exercise Date and/or the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Warrantholder in accordance with Condition 4, shall be notified to the Warrantholder as soon as practicable after determination thereof by the Issuer and shall be paid by the Warrantholder to the Issuer immediately upon demand.

(D) Delivery of an Exercise Notice in accordance with Condition 4(B) shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authority to the Issuer to deduct the determined Exercise Expenses from the Cash Settlement Amount.

(E) Subject to a valid exercise or deemed exercise of Warrants in accordance with these Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Exercise Date and/or Expiry Date as the case may be, remove the name of the Warrantholder from the register of Warrantholders in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and if applicable cancel the Global Certificate (as defined below).

(F) Upon a valid exercise or deemed exercise of Warrants in accordance with these Conditions, the Issuer will pay the Cash Settlement Amount minus determined Exercise Expenses to the relevant Warrantholder.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than three Business Days following the Exercise Date or the Expiry Date, as the case may be ("**Settlement Date**"), by crediting that amount in accordance with the CCASS Rules, to the relevant bank account designated by the Warrantholder (the "**Designated Bank Account**").

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event irrespective of whether that postponed Valuation Date would fall on a day that is already or is deemed to be a Valuation Date, provided that if there is a Market Disruption Event on each of the five days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date, then: (i) that fifth day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event, and (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the bid price that would have prevailed on that fifth day but for the Market Disruption Event.

If the postponement of a Valuation Date as aforesaid would result in a Valuation Date falling on or after the Exercise Date or the Expiry Date then (i) the day immediately preceding the Exercise Date or the Expiry Date, as the case may be, (the "**Last Valuation Date**") shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and (ii) the Issuer shall determine the closing price of the Shares on the basis of its good faith estimate of the bid price that would have prevailed on the last Valuation Date but for the Market Disruption Event.

"**day**" means for the purposes of this Condition 4(F) a day on which (excluding Saturday) banks and the Stock Exchange are normally open for business in Hong Kong.

(G) Any Warrants which have not been exercised in the manner set out in Condition 4(B) before the Expiry Date shall be automatically exercised on that date, without notice to the Warrantholder or the requirement of the service of an Exercise Notice if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Conditions) will be positive. In respect of each Exercise Amount, the Cash Settlement Amount shall be paid in the manner set out in Condition 4(F) above.

(H) The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Condition 4(F) above.

5. Sponsor

(A) The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Warrantholder.

(B) The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Warrants are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Warrantholder in accordance with Condition 10.

6. Adjustments

Adjustments may be made by the Issuer to the number of Shares comprising the basket to which the Warrants relate on the basis of the following provisions:

(A) *Rights Issues.* If and whenever any of the Companies shall, by way of Rights (as defined below), offer new Shares for subscription at a fixed subscription price to the holders of existing Shares pro rata to existing holdings (a "**Rights Offer**"), the Entitlement will be adjusted to take effect on the Business Day on which trading in the Shares becomes ex-entitlement ("**Rights Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement insofar as it relates to the Share(s) of the Company making the Rights Offer} = \frac{1 + M}{1 + (R/S) \times M} \times E$$

Where:

E: Existing Entitlement insofar as it relates to the Share(s) of the Company making the Rights Offer immediately prior to the Rights Offer

S: Cum-Rights Share price being the closing bid price of an existing Share of the Company making the Rights Offer as derived from the Daily Quotation Sheet of the Stock Exchange on the Last Business Day on which shares are traded on a Cum-Rights basis

R: Subscription price per Share specified in the Rights Offer plus an amount equal to any dividends or other benefits foregone to exercise the Right

M: Number of new Share(s) each holder of Shares (whether a whole or fraction) per existing Share each holder thereof is entitled to subscribe

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to less than one per cent. of the Entitlement immediately prior to the adjustment, then no adjustment will be made to such Basket Component.

For the purposes of these Conditions:

"**Rights**" means the right(s) attached to each existing Share or needed to acquire one new Share (as the case may be) which are given to the holders of existing Shares to subscribe at a fixed subscription price for new Shares pursuant to the Rights Offer (whether by the exercise of one Right, a part of a Right or an aggregate number of Rights).

(B) *Bonus Issues.* If and whenever any of the Companies shall make an issue of Shares credited as fully paid to the holders of Shares generally by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend or similar scheme for the time being operated by the relevant Company or otherwise in lieu of a cash dividend and without any payment or other consideration being made or given by such holders) (a "**Bonus Issue**") the Entitlement shall be adjusted on the Business Day on which trading in the Shares becomes ex-entitlement ("**Bonus Issue Adjustment Date**") in accordance with the following formula:

$$\text{Adjusted Entitlement insofar as it relates to the Share(s) of the Company making the Bonus Issue} = (1 + N) \times E$$

Where:

E: Existing Entitlement insofar as it relates to the Share(s) of the Company making the Bonus Issue immediately prior to the Bonus Issue

N: Number of additional Shares (whether a whole or a fraction) received by a holder of Shares for each Share held prior to the Bonus Issue

Provided that if the above formula would result in an adjustment to the Entitlement which would amount to less than one per cent of the Entitlement immediately prior to the adjustment, then no adjustment will be made to such Basket Component.

(C) *Subdivision and Consolidations.* If and whenever any of the Companies shall subdivide its Shares or any class of its outstanding share capital comprised of the Shares into a greater number of shares (a "**Subdivision**") or consolidate the Shares or any class of its outstanding share capital comprised of the Shares into a smaller number of shares (a "**Consolidation**"), the Entitlement insofar as it relates to the Share(s) of the Company making the Subdivision in effect immediately prior thereto shall be increased or the Entitlement insofar as it relates to the Share(s) of the Company making the Consolidation decreased accordingly in each case on the day on which the relevant Subdivision or Consolidation takes effect.

(D) *Restructuring Events.* If it is announced that any of the Companies is to or may merge or consolidate with or into any other corporation (including becoming, by agreement or otherwise, a subsidiary of or controlled by any person or corporation) (except where that Company is the surviving corporation in a merger) or that it is to or may sell or transfer all or substantially all of its assets, the rights attaching to the Warrants may in the absolute discretion of the Issuer be amended no later than the Business Day preceding the consummation of such merger, consolidation, sale or transfer (each a "**Restructuring Event**") (as determined by the Issuer in its absolute discretion) so that the Warrants shall, after such Restructuring Event, relate to the number of shares of the corporation(s) resulting from or surviving such Restructuring Event or other securities ("**Substituted Securities**") and/or cash offered in substitution for the affected Shares, as the case may be, to which the holder of such number of Shares to which the Warrants related immediately before such Restructuring Event would have been entitled upon such Restructuring Event and thereafter the provisions hereof shall apply to such Substituted Securities, provided that any Substituted Securities may, in the absolute discretion of the Issuer, be deemed to be replaced by an amount in Hong Kong dollars equal to the market value or, if no market value is available, fair value, of such Substituted Securities in each case as determined by the Issuer as soon as practicable after such Restructuring Event is effected. For the avoidance of doubt, any remaining Shares shall not be affected by this paragraph and, where cash is offered in substitution for Shares or is deemed to replace Substituted Securities as described above, references in these Conditions to the Shares shall include any such cash.

(E) *Other Adjustments.* Except as provided in Conditions 6 and 13, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment (i) is considered by the Issuer not to be materially prejudicial to the Warrantholder generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

(F) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholder. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 10.

7. Purchase

The Issuer or any of its subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Global Certificate

A global warrant certificate (the "**Global Certificate**") representing the Warrants will be deposited within CCASS in the name of HKSCC Nominees Limited. The Global Certificate must be executed manually on behalf of the Issuer by authorised person(s) or attorney(s) of the Issuer.

9. Meetings of Warrantholders and Modification

(A) *Meetings of Warrantholders.* The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Warrants or of the Instrument.

Any resolution to be passed in a meeting of the Warrantholders shall be decided by poll. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than 10 per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders as, being entitled to do so, vote by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

In the case of Warrants which are expressed to be American Style, Warrants which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Warrantholders.

Resolutions can be passed in writing without a meeting of the Warrantholders being held if passed unanimously.

(B) *Modification.* The Issuer may, without the consent of the Warrantholder, effect any modification of the provisions of the Warrants or the Instrument which is (i) not materially prejudicial to the interests of the Warrantholder; (ii) of a formal, minor or technical nature; (iii) made to correct an obvious error; or (iv) necessary in order to comply with mandatory provisions of the laws of Hong Kong (as defined below). Any such modification shall be binding on the Warrantholder and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with Condition 10.

10. Notices

(A) *Web-site publication.* All notices to the Warrantholder will be validly given if published in English and in Chinese on the HKEx website. In such circumstances, the Issuer shall not be required to despatch copies of the notice to the Warrantholder.

(B) *Request for copies.* If so requested by the Warrantholders (such request to be communicated to the Issuer or the Sponsor the Issuer will deliver or procure delivery of copies of the notices published pursuant to Condition 10(A) by post addressed to such Warrantholder at the address recorded in the register of Warrantholders kept by the Issuer and airmail post shall be used if that address is not in Hong Kong. Copies of the notices delivered or sent in accordance with this Condition shall be sent or delivered at the risk of such Warrantholders.

11. Liquidation

In the event of a liquidation or dissolution of all of the Companies or the appointment of a liquidator, receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of their undertaking, property or assets, all unexercised Warrants will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation of the last Company to be so affected, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution of the last Company to be so affected, on the date of the relevant court order or, in the case of the appointment of a liquidator or receiver or administrator or analogous person under any applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law.

12. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholder, to create and issue further warrants so as to form a single series with the Warrants.

13. Delisting

(A) If at any time any of the Shares ceases to be listed on the Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Warrants as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Warrantholder generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Warrantholder or the tax or other consequences that may result in any particular jurisdiction).

(B) Without prejudice to the generality of Condition 13(A), where any of the Shares are, or, upon the delisting, become, listed on any other stock exchange, these Conditions may, in the absolute discretion of the Issuer, be amended to the extent necessary to allow for the substitution of that other stock exchange in place of the Stock Exchange and the Issuer may, without the consent of the Warrantholder, make such adjustments to the entitlements of the Warrantholder on exercise (including, if appropriate, by converting foreign currency amounts at prevailing market rates into Hong Kong currency) as may be appropriate in the circumstances.

(C) The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Warrantholder save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Warrantholder in accordance with Condition 10 as soon as practicable after they are determined.

14. Taxation

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

15. Governing Law

The Warrants and the Instrument will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

16. Language

A Chinese translation of these Conditions will be made available for collection during normal office hours from the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. In the event of any inconsistency between the Chinese translation of these Conditions and the English version of these Conditions, the English version of these Conditions shall prevail.

17. Prescription

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within ten years of the Exercise Date or the Expiry Date (as the case may be) and thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

Sponsor:

ABN AMRO Asia Limited
40th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

TERMS AND CONDITIONS OF THE INDEX WARRANTS

These Conditions will, together with the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Conditions, replace or modify these Conditions for the purpose of such series of Warrants.

1. Form, Status, Transfer, Title and Additional Costs and Expenses

(A) The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 12) relating to the Index are issued in registered form subject to and with the benefit of an instrument by way of deed poll (the "**Instrument**" as defined more fully in the relevant Supplemental Listing Document) executed by ABN AMRO Bank N.V. (the "**Issuer**") acting through its principal office in Amsterdam or its branch in London or such further or other branches as it may specify from time to time. The Warrantholder (as defined below) is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Warrants are represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by Hong Kong Securities Clearing Company Limited ("**HKSCC**") from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS) (the "**Nominee**"). No definitive certificate will be issued. The Warrants can only be exercised by HKSCC or the Nominee.

(B) The settlement obligation of the Issuer in respect of the Warrants represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Warrants represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of warrants deposit liabilities of the Issuer or a debt obligation of any kind.

(C) Transfers of Warrants may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time (the "**CCASS Rules**").

(D) Each person who is for the time being shown in the register kept by the Issuer outside of Hong Kong as the holder shall be treated by the Issuer and ABN AMRO Asia Limited (the "**Sponsor**") as the absolute owner and holder of the Warrants. The expression "**Warrantholder**" shall be construed accordingly.

(E) Warrantholders shall note that they shall be responsible for additional costs and expenses in connection with any exercise of the Warrants including the Exercise Expenses (as defined below) which amount shall, subject to Condition 2(B) and to the extent necessary, be payable to the Issuer and collected from the Warrantholders.

2. Warrant Rights and Exercise Expenses

(A) Every Board Lot initially entitles the Warrantholder, upon due exercise and upon compliance with these Conditions, in particular Condition 4, to payment of the Cash Settlement Amount (as defined below), if any.

(B) Upon exercise of the Warrants, the Warrantholder will be required to pay a sum equal to all the expenses resulting from the exercise of such Warrants. To effect such payment an amount equivalent to the Exercise Expenses (defined below) shall be deducted from the Cash Settlement Amount in accordance with Condition 4(F).

(C) For the purposes of these Conditions:

"**Board Lot**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is open for dealings in Hong Kong and banks are open for business in Hong Kong;

"**Cash Settlement Amount**" means an amount calculated by the Issuer in accordance with the following formula (and, if appropriate, either (i) converted (if applicable) into the Settlement Currency at the Exchange Rate or, as the case may be, (ii) converted into the Interim Currency at the First Exchange Rate and then (if applicable) converted into Settlement Currency at the Second Exchange Rate):

(i) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Closing Level} - \text{Strike Level}) \times \text{Board Lot} \times \text{Index Currency Amount}}{\text{Number of Warrants per Entitlement}}$$

(ii) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{Board Lot} \times \text{Index Currency Amount}}{\text{Number of Warrants per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero.

"**CCASS**" means the Central Clearing and Settlement System;

"**Closing Level**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Entitlement**" means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exchange Rate**" means the rate specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exercise Expenses**" means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of a Board Lot of Warrants;

"**Expiry Date**" means the date specified as such in the relevant Supplemental Listing Document;

"**First Exchange Rate**" means the rate specified as such in the relevant Supplemental Listing Document;

"**Index**" means the index specified as such in the relevant Supplemental Listing Document;

"**Index Business Day**" means a day on which the Index is published by the Index Compiler or, as the case may be, the Successor Index Compiler (as defined below);

"**Index Compiler**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Index Currency Amount**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Index Exchange**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Interim Currency**" means the currency specified in the relevant Supplemental Listing Document;

"**Market Disruption Event**" means:

(1) the occurrence or existence, on a Valuation Date during the one-half hour period that ends at the close of trading, of any of:

  (i) the suspension or material limitation of the trading of a material number of securities that comprise the Index; or

  (ii) the suspension or material limitation of the trading of securities/commodities (a) on the Stock Exchange; or (b) generally; or

  (iii) the suspension or material limitation of the trading of (a) options or futures contracts relating to the Index on any exchanges; or (b) options or futures generally on any options and/or futures exchanges on which options or futures contracts relating to the Index are traded; or

  (iv) the imposition of any exchange controls in respect of any currencies involved in determining the Cash Settlement Amount.

  For the purposes of this definition, (a) the limitation of the number of hours or days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any exchange, and (b) a limitation on trading imposed by reason of the movements in price exceeding the levels permitted by any relevant exchange will constitute a Market Disruption Event; or

(2) a limitation/closure of the Stock Exchange due to unforeseen circumstances such as an official typhoon signal 8 (or above) hoisted or "BLACK" rain storm warning issued by the Hong Kong Observatory provided that once such warnings are lowered or suspended by the Hong Kong Observatory, and the Stock Exchange: (i) re-opens for the entire afternoon trading session; or (ii) opens late in the morning of the affected day and stays open for the entire afternoon trading session and closing only at the normal closing time for the Stock Exchange, it shall not be a Market Disruption Event.

"**Second Exchange Rate**" means the rate specified as such in the relevant Supplemental Listing Document;

"**Settlement Currency**" means the currency specified as such in the relevant Supplemental Listing Document;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited;

"**Strike Level**" means the level specified as such in the relevant Supplemental Listing Document, subject to adjustment in accordance with Condition 6; and

"**Valuation Date**" means the date specified in the relevant Supplemental Listing Document.

Trading in Warrants on the Stock Exchange shall be ceased prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalised terms shall, unless otherwise defined herein, bear the meaning ascribed to them in the Base Listing Document, the relevant Supplemental Listing Document or the Global Certificate (as defined below).

3. Exercise Period

(A) The Warrants may be exercised by valid delivery of an Exercise Notice (as defined below), in accordance with Condition 4 at any time during the Exercise Period. In the case of an exercise of American Style Warrants the Exercise Period shall be the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending on the Expiry Date. Warrants may not be exercised at any other time.

Subject to Condition 4(B)(iii), in the case of an exercise of European Style Warrants, a reference to Exercise Period shall mean the Expiry Date only.

(B) Subject to Conditions 4(B)(iii) and 4(G), any Warrant which has not been exercised during the Exercise Period shall expire immediately thereafter and all rights of the Warrantholder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

(A) Warrants may only be exercised in Board Lots or integral multiples thereof.

(B) Delivery of an Exercise Notice:

(i) In the case of an exercise of American Style Warrants, in order to exercise Warrants, the Warrantholder shall deliver to the Sponsor a duly completed exercise notice obtainable from the Sponsor (an "**Exercise Notice**"), such delivery to be made at any time during the Exercise Period.

In the case of an exercise of European Style Warrants, there will be no requirement to deliver an Exercise Notice and Warrants will be automatically exercised (if in the money in accordance with Conditions 4B(iii) and 4(G)).

(ii) The date upon which a Warrant is, or is to be treated as, exercised (an "**Exercise Date**") shall be the Business Day on which an Exercise Notice is delivered to the Sponsor and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Conditions, provided that any Exercise Notice received by the Sponsor after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(iii) Any Warrant with respect to which an Exercise Date (as defined above) has not occurred during the Exercise Period will automatically be exercised on the Expiry Date (without notice being given to the Warrantholder). The Warrantholder will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Warrantholder the Cash Settlement Amount (if any) in accordance with Condition 4(F).

(C) Any Exercise Expenses which were not determined by the Issuer on the Exercise Date and/or the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Warrantholder in accordance with Condition 4, shall be notified to the Warrantholder as soon as practicable after determination thereof by the Issuer and shall be paid by the Warrantholder to the Issuer immediately upon demand.

(D) Delivery of an Exercise Notice in accordance with Condition 4(B) shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the number of Warrants specified in such

Exercise Notice and an irrevocable authority to the Issuer to deduct the determined Exercise Expenses from the Cash Settlement Amount.

(E) Subject to a valid exercise or deemed exercise of Warrants in accordance with these Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Exercise Date and/or Expiry Date as the case may be, remove the name of the Warrantholder from the register of Warrantholders in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and if applicable cancel the Global Certificate (as defined below).

(F) Upon a valid exercise or deemed exercise of Warrants in accordance with these Conditions, the Issuer will pay the Cash Settlement Amount minus determined Exercise Expenses to the relevant Warrantholder.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than three Business Days following the Exercise Date or the Expiry Date, as the case may be ("**Settlement Date**"), by crediting that amount in accordance with the CCASS Rules, to the relevant bank account designated by the Warrantholder (the "**Designated Bank Account**").

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then the Issuer shall determine the Closing Level on the basis of its good faith estimate of the Closing Level that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer may, but will not be obliged to, determine such Closing Level by having regard to the manner in which the Index Compiler, or the relevant body or entity, as the case may be, calculates the Closing Level.

(G) Any Warrants which have not been exercised in the manner set out in Condition 4(B) before the Expiry Date shall be automatically exercised on that date without notice to the Warrantholder or the requirement of the service of an Exercise Notice if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Conditions) will be positive. In respect of each Board Lot the Cash Settlement Amount shall be paid in the manner set out in Condition 4(F) above.

(H) The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Condition 4(F) above.

5. Sponsor

(A) The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Warrantholder.

(B) The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another agent provided that it will at all times maintain a sponsor in Hong Kong for so long as the Warrants are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Warrantholder in accordance with Condition 10.

6. Adjustments to the Index

(A) *Successor Index Compiler Calculates and Reports Index.* If the Index is (i) not calculated and announced by the Index Compiler but is calculated and published by a successor to the Index Compiler (the "Successor Index Compiler") acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the index so calculated and announced by the Successor Index Compiler or that successor index, as the case may be.

(B) *Modification and Cessation of Calculation of Index.* If (i) on or prior to any Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler 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 stock, contracts or commodities and other routine events), or (ii) on any Valuation Date the Index Compiler or (if applicable) the Successor Index Compiler fails to calculate and publish the Index (other than as a result of a Market Disruption Event), then the Issuer shall determine the Closing Level using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date as determined by the Issuer in accordance with the formula for and method of calculating the Index last in effect prior to that change or failure, but using only those securities/commodities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the relevant exchange).

(C) *Notice of Determinations.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholder. The Issuer will give, or procure that there is given, notice as soon as practicable of any determinations by publication in accordance with Condition 10.

7. Purchase

The Issuer or any of its subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Global Certificate

A global warrant certificate (the "**Global Certificate**") representing the Warrants will be deposited within CCASS in the name of HKSCC Nominees Limited. The Global Certificate must be executed manually on behalf of the Issuer by authorised officer(s) or attorney(s) of the Issuer.

9. Meetings of Warrantholders and Modification

(A) *Meetings of Warrantholders.* The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Warrants or of the Instrument.

Any resolution to be passed in a meeting of the Warrantholders shall be decided by poll. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than 10 per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders as, being entitled to do so, vote by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

In the case of Warrants which are expressed to be American Style, Warrants which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Warrantholders.

Resolutions can be passed in writing without a meeting of the Warrantholders being held if passed unanimously.

(B) *Modification*. The Issuer may, without the consent of the Warrantholder, effect any modification of the provisions of the Warrants or the Instrument which is (i) not materially prejudicial to the interests of the Warrantholder; (ii) of a formal, minor or technical nature; (iii) made to correct an obvious error; or (iv) necessary in order to comply with mandatory provisions of the laws of Hong Kong (as defined below). Any such modification shall be binding on the Warrantholder and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with Condition 10.

10. Notices

(A) *Web-site publication*. All notices to the Warrantholder will be validly given if published in English and in Chinese on the HKEx website. In such circumstances, the Issuer shall not be required to despatch copies of the notice to the Warrantholder.

(B) *Request for copies*. If so requested by the Warrantholders (such request to be communicated to the Issuer or the Sponsor), the Issuer will deliver or procure delivery of copies of the notices published pursuant to Condition 10(A) by post addressed to such Warrantholder at the address recorded in the register of Warrantholders kept by the Issuer and airmail post shall be used if that address is not in Hong Kong. Copies of the notices delivered or sent in accordance with this Condition shall be sent or delivered at the risk of such Warrantholders.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholder, to create and issue further warrants so as to form a single series with the Warrants.

12. Taxation

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

13. Governing Law

The Warrants and the Instrument will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

14. Language

A Chinese translation of these Conditions will be made available for collection during normal office hours from the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. In the event of any inconsistency between the Chinese translation of these Conditions and the English version of these Conditions, the English version of these Conditions shall prevail.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within ten years of the Exercise Date or the Expiry Date (as the case may be) and thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

Sponsor:

ABN AMRO Asia Limited
40th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

TERMS AND CONDITIONS OF CASH SETTLED WARRANTS OVER COMMODITIES

These Conditions will, together with the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Conditions, replace or modify these Conditions for the purpose of such series of Warrants.

1. Form, Status, Transfer, Title and Additional Costs and Expenses

(A) The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 12) relating to the Commodity are issued in registered form subject to and with the benefit of an instrument by way of deed poll (the "**Instrument**" as defined more fully in the relevant Supplemental Listing Document) executed by ABN AMRO Bank N.V. (the "**Issuer**") acting through its principal office in Amsterdam or its branch in London or such further or other branches as it may specify from time to time. The Warrantholder (as defined below) is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Warrants are represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by Hong Kong Securities Clearing Company Limited ("**HKSCC**") from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS) (the "**Nominee**"). No definitive certificate will be issued. The Warrants can only be exercised by HKSCC or the Nominee.

(B) The settlement obligation of the Issuer in respect of the Warrants represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Warrants represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of warrants deposit liabilities of the Issuer or a debt obligation of any kind.

(C) Transfers of Warrants may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time (the "**CCASS Rules**").

(D) Each person who is for the time being shown in the register kept by the Issuer outside of Hong Kong as the holder shall be treated by the Issuer and ABN AMRO Asia Limited (the "**Sponsor**") as the absolute owner and holder of the Warrants. The expression "**Warrantholder**" shall be construed accordingly.

(E) Warrantholders shall note that they shall be responsible for additional costs and expenses in connection with any exercise of the Warrants including the Exercise Expenses (as defined below) which amount shall, subject to Condition 2(B) and to the extent necessary, be payable to the Issuer and collected from the Warrantholders.

2. Warrant Rights, Exercise Price and Exercise Expenses

(A) Every Board Lot initially entitles the Warrantholder, upon due exercise and upon compliance with these Conditions, in particular Condition 4, to payment of the Cash Settlement Amount (as defined below), if any.

(B) Upon exercise of the Warrants, the Warrantholder will be required to pay a sum equal to all the expenses resulting from the exercise of such Warrants. To effect such payment an amount equivalent to the Exercise Expenses (defined below) shall be deducted from the Cash Settlement Amount in accordance with Condition 4(F).

(C) For the purposes of these Conditions:

"**Board Lot**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is open for dealings in Hong Kong and banks are open for business in Hong Kong;

"**Cash Settlement Amount**" means an amount converted (if applicable) into the Settlement Currency at the Exchange Rate calculated as follows:

(i) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot in the Settlement Currency} = \frac{\text{Entitlement x (Closing Price – Exercise Price) x Board Lot x Exchange Rate}}{\text{Number of Warrants per Entitlement}}$$

(ii) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot in the Settlement Currency} = \frac{\text{Entitlement x (Exercise Price – Closing Price) x Board Lot x Exchange Rate}}{\text{Number of Warrants per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero.

"**CCASS**" means the Central Clearing and Settlement System;

"**Closing Price**" has the meaning given to it in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Commodity**" means the commodity specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Entitlement**" means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exchange Rate**" means the rate specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exercise Expenses**" means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of a Board Lot of Warrants;

"**Exercise Price**" means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Expiry Date**" means the date specified as such in the relevant Supplemental Listing Document;

"**Market Disruption Event**" means any of the following:

(1) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading on any Related

Exchange in any options or futures contracts relating to the Commodity if, in any such case, that such suspension or limitation is, in the determination of the Issuer, material; or

(2) the hoisting of the tropical cyclone warning signal number 8 or above or the issuance of a "BLACK" rainstorm signal by the Hong Kong Observatory which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for the opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the "BLACK" rainstorm signal having been hoisted or issued; or

(3) a limitation/closure of any Related Exchange or the Stock Exchange due to any other unforeseen circumstances; or

(4) any circumstances beyond the control of the Issuer in which the Closing Price or the Exchange Rate cannot be determined by the Issuer in the manner set out in these Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

"**Price Source**" means the publication (or such other origin of price source reference) (if any) specified as such in the relevant Supplemental Listing Document;

"**Relevant Currency**" means the currency specified as such in the relevant Supplemental Listing Document;

"**Related Exchange**" means any exchange or quotation system in a major international market (including but not limited to New York, Chicago, London, Australia and Frankfurt) on which options contracts or futures contracts or other derivatives contracts relating to the Commodity is traded;

"**Settlement Currency**" means the currency specified as such in the relevant Supplemental Listing Document;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited;

"**Unit**" means the unit specified as such in the relevant Supplemental Listing Document; and

"**Valuation Date**" means the date specified as such in the relevant Supplemental Listing Document.

Trading in Warrants on the Stock Exchange shall be ceased prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalized terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the relevant Supplemental Listing Document or Global Certificate (as defined below).

3. Exercise Period

(A) The Warrants may be exercised by valid delivery of an Exercise Notice (as defined below), in accordance with Condition 4 at any time during the Exercise Period. In the case of an exercise of American Style Warrants the Exercise Period shall be the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the Expiry Date. If the Expiry Date is not a Business Day the immediately succeeding Business Day shall be deemed the Expiry Date for the purposes of this Condition 3(A). Warrants may not be exercised at any other time.

Subject to Condition 4(B)(iii), in the case of an exercise of European Style Warrants, a reference to Exercise Period shall mean 10:00 a.m. on the Expiry Date only.

(B) Subject to Conditions 4(B)(iii) and 4(G), any Warrant which has not been exercised during the Exercise Period shall expire immediately thereafter and all rights of the Warrantholder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

(A) Warrants may only be exercised in Board Lots or integral multiples thereof.

(B) Delivery of an Exercise Notice:

(i) In the case of an exercise of American Style Warrants, in order to exercise Warrants, the Warrantholder shall deliver to the Sponsor a duly completed exercise notice obtainable from the Sponsor (an "**Exercise Notice**"), such delivery to be made at any time during the Exercise Period.

In the case of an exercise of European Style Warrants, there will be no requirement to deliver an Exercise Notice and Warrants will be automatically exercised (if in the money in accordance with Conditions 4B(iii) and 4(G)).

(ii) The date upon which a Warrant is, or is to be treated as, exercised (an "**Exercise Date**") shall be the Business Day on which an Exercise Notice is delivered to the Sponsor and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Conditions, provided that any Exercise Notice received by the Sponsor after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(iii) Any Warrant with respect to which an Exercise Date (as defined above) has not occurred during the Exercise Period will automatically be exercised on the Expiry Date (without notice being given to the Warrantholder). The Warrantholder will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Warrantholder the Cash Settlement Amount (if any) in accordance with Condition 4(F).

(C) Any Exercise Expenses which were not determined by the Issuer on the Exercise Date and/or the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Warrantholder in accordance with Condition 4, shall be notified to the Warrantholder as soon as practicable after determination thereof by the Issuer and shall be paid by the Warrantholder to the Issuer immediately upon demand.

(D) Delivery of an Exercise Notice in accordance with Condition 4(B) shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authority to the Issuer to deduct the determined Exercise Expenses from the Cash Settlement Amount.

(E) Subject to a valid exercise or deemed exercise of Warrants in accordance with these Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Exercise Date and/or Expiry Date as the case may be, remove the name of the Warrantholder from the register of Warrantholders in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and if applicable cancel the Global Certificate (as defined below).

(F) Upon a valid exercise or deemed exercise of Warrants in accordance with these Conditions, the Issuer will pay the Cash Settlement Amount minus determined Exercise Expenses to the relevant Warrantholder.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than three Business Days following the Valuation Date ("**Settlement Date**"), by crediting that amount in accordance with the CCASS Rules, to the relevant bank account designated by the Warrantholder (the "**Designated Bank Account**").

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date, then: (i) that fifth day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event, and (ii) the Issuer shall determine the Closing Price on the basis of its good faith estimate of the Closing Price that would have prevailed on that fifth day but for the Market Disruption Event.

"**day**" means for the purposes of this Condition 4(F) a day on which (excluding Saturday) banks in Hong Kong and the Stock Exchange are normally open for business.

(G) Any Warrants which have not been exercised in the manner set out in Condition 4(B) before the Expiry Date shall be automatically exercised on that date, without notice to the Warrantholder or the requirement of the service of an Exercise Notice if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Conditions) will be positive. In respect of each Board Lot the Cash Settlement Amount shall be paid in the manner set out in Condition 4(F) above.

(H) The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Condition 4(F) above.

5. Sponsor

(A) The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Warrantholder.

(B) The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Warrants are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Warrantholder in accordance with Condition 10.

6. Adjustments

(A) *Market Disruption Events.* If a Market Disruption Event occurs, the Issuer has the right to adjust the Entitlement, the Exercise Price, the Closing Price, the Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under the circumstances notify the Warrantholders in accordance with Condition 10 if it determines that a Market Disruption Event has occurred.

(B) *Foreign Currency Controls.* If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which (i) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency; (ii) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or (iii) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency, then, upon notice from the Issuer to Warrantholders in accordance with Condition 10 to such effect, Warrantholders who have exercised their Warrants in accordance with Condition 4 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

(C) *Determinations*. The Issuer shall, as soon as practicable after receipt of any written request to do so, advise a Warrantholder of any determination made by it pursuant to this Condition 6 on or before the date of receipt of such request. The Issuer shall make available for inspection by Warrantholders copies of any such determinations.

(D) *Issuer's Rights*. Except as provided in this Condition, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (i) considered by the Issuer not to be materially prejudicial to the Warrantholder generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

(E) *Conclusive and Binding*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholder.

7. Purchase

The Issuer or any of its subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Global Certificate

A global warrant certificate (the "**Global Certificate**") representing the Warrants will be deposited within CCASS in the name of HKSCC Nominees Limited. The Global Certificate must be executed manually on behalf of the Issuer by authorised person(s) or attorney(s) of the Issuer.

9. Meetings of Warrantholders and Modification

(A) *Meetings of Warrantholders*. The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Warrants or of the Instrument.

Any resolution to be passed in a meeting of the Warrantholders shall be decided by poll. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than 10 per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders as, being entitled to do so, vote by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

In the case of Warrants which are expressed to be American Style, Warrants which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Warrantholders.

Resolutions can be passed in writing without a meeting of the Warrantholders being held if passed unanimously.

(B) *Modification*. The Issuer may, without the consent of the Warrantholder, effect any modification of the provisions of the Warrants or the Instrument which is (i) not materially prejudicial to the interests of the Warrantholder; (ii) of a formal, minor or technical nature; (iii) made to correct an obvious error; or (iv) necessary in order to comply with mandatory provisions of the laws of Hong Kong (as defined below). Any such modification shall be binding on the Warrantholder and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with Condition 10.

10. Notices

(A) *Web-site publication*. All notices to the Warrantholder will be validly given if published in English and in Chinese on the HKEx website. In such circumstances, the Issuer shall not be required to despatch copies of the notice to the Warrantholder.

(B) *Request for copies*. If so requested by the Warrantholders (such request to be communicated to the Issuer or the Sponsor), the Issuer will deliver or procure delivery of copies of the notices published pursuant to Condition 10(A) by post addressed to such Warrantholder at the address recorded in the register of Warrantholders kept by the Issuer and airmail post shall be used if that address is not in Hong Kong. Copies of the notices delivered or sent in accordance with this Condition shall be sent or delivered at the risk of such Warrantholders.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholder, to create and issue further warrants so as to form a single series with the Warrants.

12. Taxation

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

13. Governing Law

The Warrants and the Instrument will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

14. Language

A Chinese translation of these Conditions will be made available for collection during normal office hours from the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. In the event of any inconsistency between the Chinese translation of these Conditions and the English version of these Conditions, the English version of these Conditions shall prevail.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within ten years of the Exercise Date or the Expiry Date (as the case may be) and thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

Sponsor:

ABN AMRO Asia Limited
40th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

TERMS AND CONDITIONS OF CASH SETTLED WARRANTS OVER COMMODITY FUTURES

These Conditions will, together with the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Conditions, replace or modify these Conditions for the purpose of such series of Warrants.

1. Form, Status, Transfer, Title and Additional Costs and Expenses

(A) The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 12) relating to the Commodity Futures are issued in registered form subject to and with the benefit of an instrument by way of deed poll (the "**Instrument**" as defined more fully in the relevant Supplemental Listing Document) executed by ABN AMRO Bank N.V. (the "**Issuer**") acting through its principal office in Amsterdam or its branch in London or such further or other branches as it may specify from time to time. The Warrantholder (as defined below) is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Warrants are represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by Hong Kong Securities Clearing Company Limited ("**HKSCC**") from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS) (the "**Nominee**"). No definitive certificate will be issued. The Warrants can only be exercised by HKSCC or the Nominee.

(B) The settlement obligation of the Issuer in respect of the Warrants represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Warrants represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of warrants deposit liabilities of the Issuer or a debt obligation of any kind.

(C) Transfers of Warrants may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time (the "**CCASS Rules**").

(D) Each person who is for the time being shown in the register kept by the Issuer outside of Hong Kong as the holder shall be treated by the Issuer and ABN AMRO Asia Limited (the "**Sponsor**") as the absolute owner and holder of the Warrants. The expression "**Warrantholder**" shall be construed accordingly.

(E) Warrantholders shall note that they shall be responsible for additional costs and expenses in connection with any exercise of the Warrants including the Exercise Expenses (as defined below) which amount shall, subject to Condition 2(B) and to the extent necessary, be payable to the Issuer and collected from the Warrantholders.

2. Warrant Rights, Exercise Price and Exercise Expenses

(A) Every Board Lot initially entitles the Warrantholder, upon due exercise and upon compliance with these Conditions, in particular Condition 4, to payment of the Cash Settlement Amount (as defined below), if any.

(B) Upon exercise of the Warrants, the Warrantholder will be required to pay a sum equal to all the expenses resulting from the exercise of such Warrants. To effect such payment an amount equivalent to the Exercise Expenses (defined below) shall be deducted from the Cash Settlement Amount in accordance with Condition 4(F).

(C) For the purposes of these Conditions:

"**Board Lot**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is open for dealings in Hong Kong and banks are open for business in Hong Kong;

"**Cash Settlement Amount**" means an amount converted (if applicable) into the Settlement Currency at the Exchange Rate calculated as follows:

(i) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot in the Settlement Currency} = \frac{\text{Entitlement x (Closing Price – Exercise Price) x Board Lot x Exchange Rate}}{\text{Number of Warrants per Entitlement}}$$

(ii) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot in the Settlement Currency} = \frac{\text{Entitlement x (Exercise Price – Closing Price) x Board Lot x Exchange Rate}}{\text{Number of Warrants per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero.

"**CCASS**" means the Central Clearing and Settlement System;

"**Commodity**" means the commodity specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Commodity Futures**" means the contract for future delivery specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Closing Price**" means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Entitlement**" means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exchange Business Day**" means a day (excluding Saturdays) on which the Relevant Exchange is open for dealings and banks are open for business in the place where the Relevant Exchange operates;

"**Exchange Rate**" means the rate specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exercise Expenses**" means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of a Board Lot of Warrants;

"**Exercise Price**" means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Expiry Date**" means the date specified as such in the relevant Supplemental Listing Document;

"**Market Disruption Event**" means any of the following:

(1) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading (a) on the Relevant Exchange in the Commodity Futures or securities generally; or (b) on any Related Exchange in any options or futures contracts relating to the Commodity if, in any such case, that such suspension or limitation is, in the determination of the Issuer, material; or

(2) the hoisting of the tropical cyclone warning signal number 8 or above or the issuance of a "BLACK" rainstorm signal by the Hong Kong Observatory which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for the opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the "BLACK" rainstorm signal having been hoisted or issued; or

(3) a limitation/closure of the Relevant Exchange, any Related Exchange or the Stock Exchange due to any other unforeseen circumstances; or

(4) any circumstances beyond the control of the Issuer in which the Closing Price or the Exchange Rate cannot be determined by the Issuer in the manner set out in these Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

"**Price Source**" means the publication (or such other origin of price source reference) (if any) specified as such in the relevant Supplemental Listing Document;

"**Relevant Currency**" means the currency specified as such in the relevant Supplemental Listing Document;

"**Related Exchange**" means any exchange or quotation system in a major international market (including but not limited to New York, Chicago, London, Australia and Frankfurt) on which options contracts or futures contracts or other derivatives contracts relating to the Commodity is traded;

"**Relevant Exchange**" means the exchange specified in the relevant Supplemental Listing Document;

"**Settlement Currency**" means the currency specified as such in the relevant Supplemental Listing Document;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited;

"**Unit**" means the unit specified as such in the relevant Supplemental Listing Document; and

"**Valuation Date**" means the date(s) specified as such in the relevant Supplemental Listing Document.

Trading in Warrants on the Stock Exchange shall be ceased prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalized terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the relevant Supplemental Listing Document or Global Certificate (as defined below).

3. Exercise Period

(A) The Warrants may be exercised by valid delivery of an Exercise Notice (as defined below), in accordance with Condition 4 at any time during the Exercise Period. In the case of an exercise of American Style Warrants the Exercise Period shall be the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the Expiry Date. If the Expiry Date is not a Business Day the immediately succeeding Business Day shall be deemed the Expiry Date for the purposes of this Condition 3(A). Warrants may not be exercised at any other time.

Subject to Condition 4(B)(iii), in the case of an exercise of European Style Warrants, a reference to Exercise Period shall mean 10:00 a.m. on the Expiry Date only.

(B) Subject to Conditions 4(B)(iii) and 4(G), any Warrant which has not been exercised during the Exercise Period shall expire immediately thereafter and all rights of the Warrantholder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

(A) Warrants may only be exercised in Board Lots or integral multiples thereof.

(B) Delivery of an Exercise Notice:

(i) In the case of an exercise of American Style Warrants, in order to exercise Warrants, the Warrantholder shall deliver to the Sponsor a duly completed exercise notice obtainable from the Sponsor (an "**Exercise Notice**"), such delivery to be made at any time during the Exercise Period.

In the case of an exercise of European Style Warrants, there will be no requirement to deliver an Exercise Notice and Warrants will be automatically exercised (if in the money in accordance with Conditions 4B(iii) and 4(G)).

(ii) The date upon which a Warrant is, or is to be treated as, exercised (an "**Exercise Date**") shall be the Business Day on which an Exercise Notice is delivered to the Sponsor and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Conditions, provided that any Exercise Notice received by the Sponsor after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(iii) Any Warrant with respect to which an Exercise Date (as defined above) has not occurred during the Exercise Period will automatically be exercised on the Expiry Date (without notice being given to the Warrantholder). The Warrantholder will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Warrantholder the Cash Settlement Amount (if any) in accordance with Condition 4(F).

(C) Any Exercise Expenses which were not determined by the Issuer on the Exercise Date and/or the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Warrantholder in accordance with Condition 4, shall be notified to the Warrantholder as soon as practicable after determination thereof by the Issuer and shall be paid by the Warrantholder to the Issuer immediately upon demand.

(D) Delivery of an Exercise Notice in accordance with Condition 4(B) shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authority to the Issuer to deduct the determined Exercise Expenses from the Cash Settlement Amount.

(E) Subject to a valid exercise or deemed exercise of Warrants in accordance with these Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Exercise Date and/or Expiry Date as the case may be, remove the name of the Warrantholder from the register of Warrantholders in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and if applicable cancel the Global Certificate (as defined below).

(F) Upon a valid exercise or deemed exercise of Warrants in accordance with these Conditions, the Issuer will pay the Cash Settlement Amount minus determined Exercise Expenses to the relevant Warrantholder.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than three Business Days following the Exercise Date or the Expiry Date, as the case may be ("**Settlement Date**"), by crediting that amount in accordance with the CCASS Rules, to the relevant bank account designated by the Warrantholder (the "**Designated Bank Account**").

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then the Issuer shall determine the Closing Price on the basis of its good faith estimate of the Closing Price that would have prevailed on that day but for the occurrence of the Market Disruption Event provided that the Issuer may, but will not be obliged to, determine such Closing Price by having regard to the manner in which the Relevant Exchange or the Price Source, as the case may be, determines the Closing Price.

"**day**" means for the purposes of this Condition 4(F) a day on which (excluding Saturday) banks in Hong Kong and the Stock Exchange are normally open for business.

(G) Any Warrants which have not been exercised in the manner set out in Condition 4(B) before the Expiry Date shall be automatically exercised on that date, without notice to the Warrantholder or the requirement of the service of an Exercise Notice if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Conditions) will be positive. In respect of each Board Lot the Cash Settlement Amount shall be paid in the manner set out in Condition 4(F) above.

(H) The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Condition 4(F) above.

5. Sponsor

(A) The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Warrantholder.

(B) The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Warrants are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Warrantholder in accordance with Condition 10.

6. Adjustments

(A) *Market Disruption Events*. If a Market Disruption Event occurs, the Issuer has the right to adjust the Entitlement, the Exercise Price, the Closing Price, the Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under the circumstances notify the Warrantholders in accordance with Condition 10 if it determines that a Market Disruption Event has occurred.

(B) *Foreign Currency Controls*. If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which (i) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency; (ii) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or (iii) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency, then, upon notice from the Issuer to Warrantholders in accordance with Condition 10 to such effect, Warrantholders who have exercised their Warrants in accordance with Condition 4 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

(C) *Determinations*. The Issuer shall, as soon as practicable after receipt of any written request to do so, advise a Warrantholder of any determination made by it pursuant to this Condition 6 on or before the date of receipt of such request. The Issuer shall make available for inspection by Warrantholders copies of any such determinations.

(D) *Issuer's Rights*. Except as provided in this Condition, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (i) considered by the Issuer not to be materially prejudicial to the Warrantholder generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange .

(E) *Conclusive and Binding*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholder.

7. Purchase

The Issuer or any of its subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Global Certificate

A global warrant certificate (the "**Global Certificate**") representing the Warrants will be deposited within CCASS in the name of HKSCC Nominees Limited. The Global Certificate must be executed manually on behalf of the Issuer by authorised person(s) or attorney(s) of the Issuer.

9. Meetings of Warrantholders and Modification

(A) *Meetings of Warrantholders.* The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Warrants or of the Instrument.

Any resolution to be passed in a meeting of the Warrantholders shall be decided by poll. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than 10 per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders as, being entitled to do so, vote by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

In the case of Warrants which are expressed to be American Style, Warrants which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Warrantholders.

Resolutions can be passed in writing without a meeting of the Warrantholders being held if passed unanimously.

(B) *Modification.* The Issuer may, without the consent of the Warrantholder, effect any modification of the provisions of the Warrants or the Instrument which is (i) not materially prejudicial to the interests of the Warrantholder; (ii) of a formal, minor or technical nature; (iii) made to correct an obvious error; or (iv) necessary in order to comply with mandatory provisions of the laws of Hong Kong (as defined below). Any such modification shall be binding on the Warrantholder and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with Condition 10.

10. Notices

(A) *Web-site publication.* All notices to the Warrantholder will be validly given if published in English and in Chinese on the HKEx website. In such circumstances, the Issuer shall not be required to despatch copies of the notice to the Warrantholder.

(B) *Request for copies.* If so requested by the Warrantholders (such request to be communicated to the Issuer or the Sponsor), the Issuer will deliver or procure delivery of copies of the notices published pursuant to Condition 10(A) by post addressed to such Warrantholder at the address recorded in the register of Warrantholders kept by the Issuer and airmail post shall be used if that address is not in Hong Kong. Copies of the notices delivered or sent in accordance with this Condition shall be sent or delivered at the risk of such Warrantholders.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholder, to create and issue further warrants so as to form a single series with the Warrants.

12. Taxation

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

13. Governing Law

The Warrants and the Instrument will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

14. Language

A Chinese translation of these Conditions will be made available for collection during normal office hours from the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. In the event of any inconsistency between the Chinese translation of these Conditions and the English version of these Conditions, the English version of these Conditions shall prevail.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within ten years of the Exercise Date or the Expiry Date (as the case may be) and thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

Sponsor:

ABN AMRO Asia Limited
40th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

TERMS AND CONDITIONS OF CASH SETTLED WARRANTS OVER CURRENCIES

These Conditions will, together with the supplemental provisions contained in the relevant Supplemental Listing Document, subject to completion and amendment, be endorsed on the Global Certificate. The relevant Supplemental Listing Document in relation to the issue of any series of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent they are inconsistent with these Conditions, replace or modify these Conditions for the purpose of such series of Warrants.

1. Form, Status, Transfer, Title and Additional Costs and Expenses

(A) The Warrants (which expression shall, unless the context otherwise requires, include any further warrants issued pursuant to Condition 12) relating to the Currencies are issued in registered form subject to and with the benefit of an instrument by way of deed poll (the "**Instrument**" as defined more fully in the relevant Supplemental Listing Document) executed by ABN AMRO Bank N.V. (the "**Issuer**") acting through its principal office in Amsterdam or its branch in London or such further or other branches as it may specify from time to time. The Warrantholder (as defined below) is entitled to the benefit of, is bound by and is deemed to have notice of all the provisions of the Instrument. A copy of the Instrument is available for inspection at the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Warrants are represented by a global certificate registered in the name of HKSCC Nominees Limited (or such other nominee company as may be used by Hong Kong Securities Clearing Company Limited ("**HKSCC**") from time to time in relation to the provision of nominee services to persons admitted for the time being by HKSCC as a participant of CCASS) (the "**Nominee**"). No definitive certificate will be issued. The Warrants can only be exercised by HKSCC or the Nominee.

(B) The settlement obligation of the Issuer in respect of the Warrants represents general unsecured contractual obligations of the Issuer and of no other person which rank, and will rank, equally among themselves and pari passu with all other present and future unsecured and unsubordinated contractual obligations of the Issuer, except for obligations accorded preference by mandatory provisions of applicable law.

Warrants represent general contractual obligations of the Issuer, and are not, nor is it the intention (expressed, implicit or otherwise) of the Issuer to create by the issue of warrants deposit liabilities of the Issuer or a debt obligation of any kind.

(C) Transfers of Warrants may be effected only in Board Lots or integral multiples thereof in CCASS in accordance with the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time (the "**CCASS Rules**").

(D) Each person who is for the time being shown in the register kept by the Issuer outside of Hong Kong as the holder shall be treated by the Issuer and ABN AMRO Asia Limited (the "**Sponsor**") as the absolute owner and holder of the Warrants. The expression "**Warrantholder**" shall be construed accordingly.

(E) Warrantholders shall note that they shall be responsible for additional costs and expenses in connection with any exercise of the Warrants including the Exercise Expenses (as defined below) which amount shall, subject to Condition 2(B) and to the extent necessary, be payable to the Issuer and collected from the Warrantholders.

2. Warrant Rights, Exercise Price and Exercise Expenses

(A) Every Board Lot initially entitles the Warrantholder, upon due exercise and upon compliance with these Conditions, in particular Condition 4, to payment of the Cash Settlement Amount (as defined below), if any.

(B) Upon exercise of the Warrants, the Warrantholder will be required to pay a sum equal to all the expenses resulting from the exercise of such Warrants. To effect such payment an amount equivalent to the Exercise Expenses (defined below) shall be deducted from the Cash Settlement Amount in accordance with Condition 4(F).

(C) For the purposes of these Conditions:

"**Board Lot**" has the meaning given to it in the relevant Supplemental Listing Document;

"**Business Day**" means a day (excluding Saturdays) on which the Stock Exchange is open for dealings in Hong Kong and banks are open in Hong Kong for carrying on foreign exchange transactions and for business;

"**Cash Settlement Amount**" means an amount converted (if applicable) into the Settlement Currency at the Exchange Rate calculated as follows:

(i) In the case of a series of Call Warrants:

$$\text{Cash Settlement Amount per Board Lot in the Settlement Currency} = \frac{\text{Entitlement x (Closing Price – Exercise Price) x Board Lot x Exchange Rate}}{\text{Number of Warrants per Entitlement}}$$

(ii) In the case of a series of Put Warrants:

$$\text{Cash Settlement Amount per Board Lot in the Settlement Currency} = \frac{\text{Entitlement x (Exercise Price – Closing Price) x Board Lot x Exchange Rate}}{\text{Number of Warrants per Entitlement}}$$

For the avoidance of doubt, if the Cash Settlement Amount is a negative figure, it shall be deemed to be zero.

"**CCASS**" means the Central Clearing and Settlement System;

"**Closing Price**" has the meaning given to it in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Currencies**" means the currencies specified as such in the relevant Supplemental Listing Document subject to any adjustment in accordance with Condition 6;

"**Entitlement**" means the number specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Exchange Rate**" means the rate specified as such in the relevant Supplemental Listing Document subject to any adjustment in accordance with Condition 6;

"**Exercise Expenses**" means any charges or expenses including any taxes or duties which are incurred in respect of the exercise of a Board Lot of Warrants;

"**Exercise Price**" means the price specified as such in the relevant Supplemental Listing Document, subject to any adjustment in accordance with Condition 6;

"**Expiry Date**" means the date specified as such in the relevant Supplemental Listing Document;

"**Market Disruption Event**" means any of the following:

(1) the occurrence or existence on any Valuation Date during the one-half hour period that ends at the close of trading of any suspension of or limitation imposed on trading on any Related

Exchange in any options or futures contracts relating to the Currency if, in any such case, that such suspension or limitation is, in the determination of the Issuer, material; or

(2) the hoisting of the tropical cyclone warning signal number 8 or above or the issuance of a "BLACK" rainstorm signal by the Hong Kong Observatory which either results in the Stock Exchange being closed for dealings for an entire day or results in the Stock Exchange being closed prior to its regular time for close of trading on any day PROVIDED THAT there shall be no Market Disruption Event solely by reason of the Stock Exchange opening later than its regular time for the opening of trading on any day as a result of the tropical cyclone warning signal number 8 or above or the "BLACK" rainstorm signal having been hoisted or issued; or

(3) a limitation/closure of any Related Exchange or the Stock Exchange due to any other unforeseen circumstances; or

(4) any circumstances beyond the control of the Issuer in which the Closing Price or the Exchange Rate cannot be determined by the Issuer in the manner set out in these Conditions or in such other manner as the Issuer considers appropriate at such time after taking into account all the relevant circumstances;

"**Price Source**" means the publication (or such other origin of price source reference) (if any) specified as such in the relevant Supplemental Listing Document;

"**Related Exchange**" means any exchange or quotation system in a major international market (including but not limited to New York, Chicago, London, Australia and Frankfurt) on which options contracts or futures contracts or other derivatives contracts relating to the Currencies is traded;

"**Settlement Currency**" means the currency specified as such in the relevant Supplemental Listing Document;

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited; and

"**Valuation Date**" means the date specified as such in the relevant Supplemental Listing Document.

Trading in Warrants on the Stock Exchange shall be ceased prior to the Expiry Date in accordance with the requirements of the Stock Exchange.

Other capitalized terms shall, unless otherwise defined herein, have the meaning ascribed to them in the Base Listing Document, the relevant Supplemental Listing Document or Global Certificate (as defined below).

3. Exercise Period

(A) The Warrants may be exercised by valid delivery of an Exercise Notice (as defined below), in accordance with Condition 4 at any time during the Exercise Period. In the case of an exercise of American Style Warrants the Exercise Period shall be the period beginning at 10:00 a.m. (Hong Kong time) on the Dealing Commencement Date (or, if later, the first day of dealings in the Warrants on the Stock Exchange) and ending at 10:00 a.m. (Hong Kong time) on the Expiry Date. If the Expiry Date is not a Business Day the immediately succeeding Business Day shall be deemed the Expiry Date for the purposes of this Condition 3(A). Warrants may not be exercised at any other time.

Subject to Condition 4(B)(iii), in the case of an exercise of European Style Warrants, a reference to Exercise Period shall mean 10:00 a.m. on the Expiry Date only.

(B) Subject to Conditions 4(B)(iii) and 4(G), any Warrant which has not been exercised during the Exercise Period shall expire immediately thereafter and all rights of the Warrantholder and obligations of the Issuer with respect to such Warrant shall cease.

4. Exercise of Warrants

(A) Warrants may only be exercised in Board Lots or integral multiples thereof.

(B) Delivery of an Exercise Notice:

(i) In the case of an exercise of American Style Warrants, in order to exercise Warrants, the Warrantholder shall deliver to the Sponsor a duly completed exercise notice obtainable from the Sponsor (an "**Exercise Notice**"), such delivery to be made at any time during the Exercise Period.

In the case of an exercise of European Style Warrants, there will be no requirement to deliver an Exercise Notice and Warrants will be automatically exercised (if in the money in accordance with Conditions 4B(iii) and 4(G)).

(ii) The date upon which a Warrant is, or is to be treated as, exercised (an "**Exercise Date**") shall be the Business Day on which an Exercise Notice is delivered to the Sponsor and in respect of which there is a valid exercise of Warrants in accordance with the requirements of these Conditions, provided that any Exercise Notice received by the Sponsor after 10:00 a.m. (Hong Kong time) on any Business Day shall be deemed to have been delivered on the next following Business Day.

(iii) Any Warrant with respect to which an Exercise Date (as defined above) has not occurred during the Exercise Period will automatically be exercised on the Expiry Date (without notice being given to the Warrantholder). The Warrantholder will not be required to deliver any Exercise Notice and the Issuer or its agent will pay to the Warrantholder the Cash Settlement Amount (if any) in accordance with Condition 4(F).

(C) Any Exercise Expenses which were not determined by the Issuer on the Exercise Date and/or the Expiry Date and deducted from the Cash Settlement Amount prior to delivery to the Warrantholder in accordance with Condition 4, shall be notified to the Warrantholder as soon as practicable after determination thereof by the Issuer and shall be paid by the Warrantholder to the Issuer immediately upon demand.

(D) Delivery of an Exercise Notice in accordance with Condition 4(B) shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the number of Warrants specified in such Exercise Notice and an irrevocable authority to the Issuer to deduct the determined Exercise Expenses from the Cash Settlement Amount.

(E) Subject to a valid exercise or deemed exercise of Warrants in accordance with these Conditions, or in the event that Warrants have expired worthless the Issuer will, with effect from the first Business Day following the Exercise Date and/or Expiry Date as the case may be, remove the name of the Warrantholder from the register of Warrantholders in respect of the number of Warrants which are the subject of a valid exercise or have expired worthless, as the case may be, and thereby cancel the relevant Warrants and if applicable cancel the Global Certificate (as defined below).

(F) Upon a valid exercise or deemed exercise of Warrants in accordance with these Conditions, the Issuer will pay the Cash Settlement Amount minus determined Exercise Expenses to the relevant Warrantholder.

The aggregate Cash Settlement Amount minus the determined aggregate Exercise Expenses shall be despatched no later than three Business Days following the Valuation Date ("**Settlement Date**"), by crediting that amount in accordance with the CCASS Rules, to the relevant bank account designated by the Warrantholder (the "**Designated Bank Account**").

If as a result of an event beyond the control of the Issuer ("**Settlement Disruption Event**"), it is not possible for the Issuer to procure payment electronically through CCASS by crediting the relevant

Designated Bank Account of the Warrantholder on the original Settlement Date, the Issuer shall use its reasonable endeavours to procure payment electronically through CCASS by crediting the relevant Designated Bank Account of the Warrantholder as soon as reasonably practicable after the original Settlement Date. The Issuer will not be liable to the Warrantholder for any interest in respect of the amount due or any loss or damage that such Warrantholder may suffer as a result of the existence of the Settlement Disruption Event.

If the Issuer determines, in its sole discretion, that on any Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date, then: (i) that fifth Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event, and (ii) the Issuer shall determine the Closing Price on the basis of its good faith estimate of the Closing Price that would have prevailed on that fifth Business Day but for the Market Disruption Event.

"**day**" means for the purposes of this Condition 4(F) a day on which (excluding Saturdays) banks in Hong Kong and the Stock Exchange are normally open for business.

(G) Any Warrants which have not been exercised in the manner set out in Condition 4(B) before the Expiry Date shall be automatically exercised on that date, without notice to the Warrantholder or the requirement of the service of an Exercise Notice if the Issuer determines that the Cash Settlement Amount (calculated in accordance with these Conditions) will be positive. In respect of each Board Lot the Cash Settlement Amount shall be paid in the manner set out in Condition 4(F) above.

(H) The Issuer's obligations to pay the Cash Settlement Amount shall be discharged by payment in accordance with Condition 4(F) above.

5. Sponsor

(A) The Sponsor will not assume any obligation or duty to or any relationship or agency or trust for the Warrantholder.

(B) The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the initial Sponsor and to appoint another sponsor provided that it will at all times maintain a sponsor in Hong Kong for so long as the Warrants are listed on the Stock Exchange. Notice of any such termination or appointment will be given to the Warrantholder in accordance with Condition 10.

6. Adjustments

(A) *Market Disruption Events*. If a Market Disruption Event occurs, the Issuer has the right to adjust the Entitlement, the Exercise Price, the Closing Price, the Exchange Rate and/or any other relevant variables accordingly. The Issuer shall as soon as reasonably practicable under the circumstances notify the Warrantholders in accordance with Condition 10 if it determines that a Market Disruption Event has occurred.

(B) *Foreign Currency Controls*. If exchange control or other laws, regulations, directives or guidelines are imposed by any central banking authority or other governmental or regulatory body which (i) requires the Issuer to obtain permission from such authority or body to purchase the Settlement Currency; (ii) otherwise restricts the Issuer's ability to obtain the Settlement Currency; or (iii) otherwise adversely regulates the purchase or holding of the Settlement Currency such that additional costs are imposed in obtaining the Settlement Currency which would not be imposed in the absence of such laws, regulations, directives or guidelines, or if the cost of obtaining the Settlement Currency at the Exchange Rate is determined by the Issuer to be excessive because of a disruption in the foreign exchange market relating to the Settlement Currency, then, upon notice from the Issuer to Warrantholders in accordance with Condition 10 to such effect, Warrantholders who have exercised their Warrants in accordance with Condition 4 shall receive, at the option of the Issuer, in lieu of the Settlement Currency, an amount equal to the Cash Settlement Amount in any other currency as determined by the Issuer.

(C) *Determinations*. The Issuer shall, as soon as practicable after receipt of any written request to do so, advise a Warrantholder of any determination made by it pursuant to this Condition 6 on or before the date of receipt of such request. The Issuer shall make available for inspection by Warrantholders copies of any such determinations.

(D) *Issuer's Rights*. Except as provided in this Condition, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion and notwithstanding any prior adjustment made pursuant to the above should, in the context of the issue of the Warrants and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is (i) considered by the Issuer not to be materially prejudicial to the Warrantholder generally (without considering the circumstances of any individual Warrantholder or the tax or other consequences of such adjustment in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such adjustment or amendment is approved by the Stock Exchange.

(E) *Conclusive and Binding*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Warrantholder.

7. Purchase

The Issuer or any of its subsidiaries may at any time purchase Warrants at any price in the open market or by tender or by private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

8. Global Certificate

A global warrant certificate (the "**Global Certificate**") representing the Warrants will be deposited within CCASS in the name of HKSCC Nominees Limited. The Global Certificate must be executed manually on behalf of the Issuer by authorised person(s) or attorney(s) of the Issuer.

9. Meetings of Warrantholders and Modification

(A) *Meetings of Warrantholders*. The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Instrument) of a modification of the provisions of the Warrants or of the Instrument.

Any resolution to be passed in a meeting of the Warrantholders shall be decided by poll. Such a meeting may be convened by the Issuer or by Warrantholders holding not less than 10 per cent. of the Warrants for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or more persons being or representing Warrantholders whatever the number of Warrants so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Warrantholders as, being entitled to do so, vote by proxy.

An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been submitted prior to the date of the meeting.

In the case of Warrants which are expressed to be American Style, Warrants which have not been exercised but in respect of which an Exercise Notice has been submitted will not confer the right to attend or vote at, or join in convening, or be counted in quorum for, any meeting of the Warrantholders.

Resolutions can be passed in writing without a meeting of the Warrantholders being held if passed unanimously.

(B) *Modification*. The Issuer may, without the consent of the Warrantholder, effect any modification of the provisions of the Warrants or the Instrument which is (i) not materially prejudicial to the interests of the Warrantholder; (ii) of a formal, minor or technical nature; (iii) made to correct an obvious error; or (iv) necessary in order to comply with mandatory provisions of the laws of Hong Kong (as defined below). Any such modification shall be binding on the Warrantholder and shall be notified to them by the Issuer as soon as practicable thereafter in accordance with Condition 10.

10. Notices

(A) *Web-site publication*. All notices to the Warrantholder will be validly given if published in English and in Chinese on the HKEx website. In such circumstances, the Issuer shall not be required to despatch copies of the notice to the Warrantholder.

(B) *Request for copies*. If so requested by the Warrantholders (such request to be communicated to the Issuer or the Sponsor), the Issuer will deliver or procure delivery of copies of the notices published pursuant to Condition 10(A) by post addressed to such Warrantholder at the address recorded in the register of Warrantholders kept by the Issuer and airmail post shall be used if that address is not in Hong Kong. Copies of the notices delivered or sent in accordance with this Condition shall be sent or delivered at the risk of such Warrantholders.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Warrantholder, to create and issue further warrants so as to form a single series with the Warrants.

12. Taxation

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

13. Governing Law

The Warrants and the Instrument will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). The Issuer and each Warrantholder (by its purchase of the Warrants) shall be deemed to have submitted for all purposes in connection with the Warrants and the Instrument to the non-exclusive jurisdiction of the courts of Hong Kong.

14. Language

A Chinese translation of these Conditions will be made available for collection during normal office hours from the Hong Kong Branch of the Issuer at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong. In the event of any inconsistency between the Chinese translation of these Conditions and the English version of these Conditions, the English version of these Conditions shall prevail.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Warrants will become void unless made within ten years of the Exercise Date or the Expiry Date (as the case may be) and thereafter, any sums payable in respect of such Warrants shall be forfeited and shall revert to the Issuer.

Sponsor:

ABN AMRO Asia Limited
40th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

INFORMATION IN RELATION TO THE ISSUER

History and Incorporation

ABN AMRO Holding N.V. ("**Holding**") is incorporated as a limited liability company under Dutch law by deed of 30 May 1990 as the holding company of ABN AMRO Bank N.V. The Articles of Association of Holding were last amended by deed of 28 January 2005 executed before Mr. R.J.C. van Helden, Notary Public in Amsterdam. The registered office of Holding is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

Holding's main purpose is to own ABN AMRO Bank N.V. and its subsidiaries. Holding owns 100 per cent. of the shares of ABN AMRO Bank N.V. and is jointly and severally liable for all liabilities of ABN AMRO Bank N.V. under this Base Listing Document pursuant to a declaration under Article 2:403 of the Dutch Civil Code.

ABN AMRO Bank N.V. traces its origin to the formation of the "Nederlandsche Handel- Maatschappij, N.V." in 1825 pursuant to a Dutch Royal Decree of 1824. ABN AMRO Bank N.V.'s Articles of Association were last amended by deed of 17 May 2001.

ABN AMRO Bank N.V. is registered in the Commercial Register of Amsterdam under number 33002587. The registered office of ABN AMRO Bank N.V. is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

ABN AMRO Bank N.V. has a place of business in Hong Kong at 38th Floor, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.

Overview

The ABN AMRO group ("**ABN AMRO**"), which consists of Holding and its subsidiaries, is a prominent international banking group offering a wide range of banking products and financial services on a global basis through its network of more than 3,700 offices and branches in over 60 countries and territories. ABN AMRO is one of the largest banking groups in the world with total consolidated assets of EUR 608.6 billion as at 31 December 2004.

ABN AMRO Bank N.V. and its numerous subsidiaries are organised into three strategic business units ("**SBUs**"): Consumer & Commercial Clients, Wholesale Clients and Private Clients & Asset Management. In addition, ABN AMRO Bank N.V. owns ABN AMRO Bouwfonds Nederlandse Gemeenten N.V., an independently managed subsidiary. The three SBUs are supported by the Corporate Centre that includes corporate development, corporate communications, group audit, group finance, group risk management, group organisation & standards, European Union Affairs & Market Infrastructure, group human resources, group legal & compliance and the economics department. In addition, Group Shared Services ("**GSS**") has been established to deliver and enhance cross SBU synergies. In addition to seeking cost savings through further consolidation and standardisation, GSS will also exploit new market solutions for support services to provide clients most efficiently with even better products and services.

ABN AMRO is the largest banking group in The Netherlands and it has a substantial presence in the US MidWest, as one of the largest foreign banking groups based on total assets held in the country. In addition, it has a significant presence in Brazil through the acquisitions of Banco Real and of Banco Sudameris in 1998 and 2003 respectively.

ABN AMRO's performance reflects the group's broad diversification of revenue sources and risks on the basis of clients, products and geography, its leading position in its three home markets of The Netherlands, the US MidWest and Brazil and a cautious management approach that focuses on shareholder value, profitability and cost control.

ABN AMRO has implemented Managing for Value ("**MfV**") throughout the organisation. MfV is the instrument for allocating resources to where they earn the best long-term economic profit (net profit after tax less the risk-adjusted cost of capital) and measuring the results. ABN AMRO will continue to build on the successes of MfV, allowing it to create further fuel for growth by optimally allocating key resources (capital and talent) to the businesses, which generate the highest economic value.

Group Strategy

ABN AMRO is a multi-regional bank with European roots and a clear focus on consumer and commercial banking, strongly supported by an international wholesale business. The business mix provides a competitive edge in the chosen markets and client segments.

ABN AMRO aims to maximize value for its clients, while maximizing value for its shareholders as the ultimate proof of, and condition for, success.

Starting from this base, its strategy for growing and strengthening the business is built on five key elements:

1. Creating value for clients by offering high-quality financial solutions, which best meet their current needs and long-term goals.

2. Focusing on:
   - consumer and commercial clients in its three home markets of the Netherlands, the U.S. MidWest, Brazil and in selected growth markets around the world
   - selected wholesale clients with an emphasis on Europe, and financial institutions
   - private clients

3. Leveraging its advantages in products and people to benefit all its clients.

4. Sharing expertise and operational excellence across the group.

5. Creating 'fuel for growth' by allocating capital and talent according to the principles of its MfV-based management model.

ABN AMRO aims for sustainable growth which will benefit all its stakeholders: its clients, its shareholders, its employees, and society at large. Its ability to build sustainable relationships, both internally and externally, is crucially important in enabling ABN AMRO to achieve sustainable growth. A fundamental strength in building sustainable relationships is bringing global expertise and resources to bear through the combination of its local presence in many markets and being a large, international corporation.

Serving Clients

Clients are the prime beneficiaries of ABN AMRO's relationship approach. ABN AMRO serves them through its three SBUs:

- Consumer and Commercial Clients ("**C&CC**"): individual and corporate clients requiring day-to-day banking. The majority of such clients are in the Netherlands, the U.S. MidWest and Brazil, and in countries such as Greater China and India, where the business unit New Growth Markets ("**BU NGM**") operates

- Wholesale Clients ("**WCS**"): major international corporations, with an emphasis on Europe, and financial institutions

- Private Clients and Asset Management ("**PC&AM**"): services for high net-worth individuals and institutional investors

ABN AMRO's growth strategy is to build on its strong positions in these core client areas, with an emphasis on asset gathering. ABN AMRO is also constantly seeking out new sources of growth. The BU NGM in C&CC is active in a number of emerging markets, including Greater China and India, where attractive opportunities are opening up. In Europe, ABN AMRO is well positioned to capitalize on developments in the Italian banking market through strategic investments in Banca Antonveneta and Capitalia.

The expansion and growing popularity of ABN AMRO's internet banking services, 24-hour call centers and network of bankshops and advisory centers underpin its multi-channel client approach in the Netherlands and similar multi-channel approaches in the United States and Brazil. U.S. mortgage clients are similarly served through its retail branch network, relationships with a nationwide broker network and its mortgage.com internet platform.

Managing Board and Supervisory Board of Holding and the Issuer

Managing Board	**Year of appointment**
R.W.J. Groenink, Chairman	1988
W.G. Jiskoot	1997
T. de Swaan	1999
J.Ch.L. Kuiper	1999
D. Collee	2000
H. Scott-Barrett	2000

Supervisory Board	**Year of appointment**
A.A. Loudon, Chairman	1994
M.C. van Veen, Vice-Chairman	1997
W. Dik	1993
A. Burgmans	1998
D.R.J. Baron de Rothschild	2003
Mrs L.S. Groenman	1999
Mrs T.A. Maas-de Brouwer	2000
A.C. Martinez	2002
M.V. Pratini de Moraes	2003
P. Scaroni	2003
Lord Sharman of Redlynch	2003
A.A. Olijslager	2004

The business address of the Supervisory and Managing Boards is the registered office of Holding. The Managing Board makes policy and manages Holding and the Issuer day-to-day. The Supervisory Board has the legal duty of supervising the conduct and policies of the Managing Board, as well as the general affairs of Holding and the Issuer. In addition, the Supervisory Board assists the Managing Board with advice.

The following table sets forth information regarding the members of the Managing Board of Holding and the Issuer (the Managing Board and Supervisory Board of Holding and the Issuer are comprised of the same people):

Name	**Date of birth**	**Highlights of directorships and advisory roles outside ABN AMRO**
R.W.J. Groenink	25 August 1949	• Flint Holding • Amsterdam Society for City Restoration • Struik Holding • Rembrandt Society • Mondriaan Foundation • Stedelijk Museum
W.G. Jiskoot	2 June 1950	None
T. de Swaan	4 March 1946	• The Netherlands Opera • Het Muziektheater • Financial Services Authority • Royal Concertgebouw Orchestra • Hendrick de Keyser
J.Ch.L. Kuiper	23 July 1947	• Cornelder Holding N.V. • Viking Ship Finance Ltd • Stichting Het Nationale Ballet • Stichting Sponsorfonds Rotterdamse Schouwburg
D. Collee	24 October 1952	• ABN AMRO Bouwfonds Nederlandse Gemeenten N.V. • Delta Lloyd ABN AMRO Vezekeringen Holding B.V. • LeasePlan Corporation N.V. • Capitalia Gruppo Bancario, Italy • K&H Bank, Hungary • The Netherlands Development Finance Company (FMO) • The Netherlands Bankers' Association (NVB) • Confederation of Netherlands Industry and Employers (VNO NCW) • Schils Holding B.V. • Kobalt Media Services B.V. • SVM PACT • University of Twente
H. Scott-Barrett	26 September 1958	None

The following table sets forth information regarding the members of the Supervisory Board of Holding and the Issuer:

Name	Date of birth	Highlights of directorships and advisory roles outside ABN AMRO
A.A. Loudon	10 December 1936	• Akzo Nobel N.V. • Royal Dutch Petroleum Company • Trust Office Preference Shares C Vendex • Trust Office Preference Shares Buhrmann • Allianz Aktiengesellschaft, München • The Conference Board, N.Y.
M.C. van Veen	21 January 1935	• Royal Volker Wessels Stevin N.V. • Imtech N.V. • Akzo Nobel N.V. • Corus Plc • Royal Dutch Society of Arts and Sciences • Royal Concertgebouw Orchestra • National Foundation De Nieuwe Kerk Amsterdam
W. Dik	11 January 1939	• Van Gansewinkel Groep N.V. • Holland Casino • Unilever N.V. and PLC • AVIVA PLC • LogicaCMG PLC • N.V. Casema • Tele Atlas N.V. • Spencer Stuart Netherlands • Ernst & Young Netherlands • Teletech Inc. • Carré Theatre Amsterdam
A. Burgmans	13 February 1947	• Allianz AG
D.R.J. de Rothschild	15 December 1942	• Rothschilds Continuation Holdings • NM Rothschild and sons • Rothschild & Cie. Banque • Rothschild Bank Zurich • Francarep • Paris Orléans • Compagnie Financière Saint-Honoré • Compagnie Financière Martin Maurel

Name	Date of birth	Highlights of directorships and advisory roles outside ABN AMRO
Mrs L.S. Groenman	29 June 1940	• Dutch Bach Association • Humanistic Institute for Development Aid • Reaal Insurance • Accompagnement Committee Evaluation Nypels/Groenman Law • Pion Foundation • County-wide Office for Age discrimination • Consultium Management Consultancy • LBL (Expertise center for Age and society) • Vechtoevers Maarssen Association • Tolerance Unlimited • Aids Fund Foundation • Stop Aids Now! foundation • Clara Wichmann Institute • Accompaniment Committee Social Cultural Planning Office
Mrs T.A. Maas-de Brouwer	28 November 1946	• Opportunity in Bedrijf Foundation • Van Leer Group Foundation • Bernard van Leer Foundation • First Chamber of the Dutch Parliament, PvdA • Schiphol Group • Programme Advisory Council TNO Human Factors • Philips Electronics Netherlands • Twijnstra Gudde Management Consultants B.V. • Nuffic • International Information Center and Archive for the Women's movement in Amsterdam • Jury post graduate education for organisational advise • ArboUnie
A.C. Martinez	25 September 1939	• Pepsico, Inc. • International Flavors and Fragrances, Inc. • Liz Claiborne Inc. • Martha Stewart Living Omnimedia • Marakon Associates
M.V. Pratini de Moraes	23 April 1939	• SEI Center for Advanced Studies in Management
P. Scaroni	28 November 1946	• BAE Systems plc • Alliance UniChem plc • Oversees, Columbia Business School, New York

Name	Date of birth	Highlights of directorships and advisory roles outside ABN AMRO
Lord Sharman of Redlynch	19 February 1943	• Aegis Group plc • Securicor plc • BG International plc • Reed Elsevier plc • GoodCorporation • KPMG • Prologies Management • Bain Capital • George Washington University Institute for management, Washington DC • Securities Institute • Cranfield University
A.A. Olijslager	1 January 1944	• Heiploeg Shellfish int. • Center Parcs N.V. • NPM Capital N.V. • Nederland Distributieland (NLD) • Nederlandse Zuivel Organisatie (NZO) • Zuivel • Fries Museum • VNO-NCW

Statutory Auditors

Holding's financial year is the calendar year. Holding is required by the Netherlands law to have statutory auditors. Ernst & Young Accountants act as the auditors of the financial statements of Holding.

Authorisation

The issue of the Structured Products by the Issuer has been duly authorised.

Use of Proceeds

The Issuer intends to add the net proceeds from the sale of the Structured Products to its general funds to be used for general corporate purposes including hedging of the Structured Products.

APPENDIX A

AUDITED ANNUAL CONSOLIDATED FINANCIAL INFORMATION RELATING TO ABN AMRO HOLDING N.V. AND ITS GROUP OF COMPANIES FOR THE YEAR ENDED 31 DECEMBER 2004 AND THE AUDITORS' REPORT THEREON

The information in this Appendix A has been extracted from the annual report of Holding for the year ended 31 December 2004. References to page numbers in this Appendix A are to pages of such document. The page numbers of such document appear on the bottom left or right hand side of the pages in this Appendix A.

The Issuer has not prepared its own consolidated accounts for the year ended 31 December 2004 but the Issuer expects that there will be no material difference between the consolidated accounts of Holding and the consolidated accounts of the Issuer (if prepared).

The financial statements of the Issuer are consolidated in Holding's accounts. Holding's sole purpose is to own the Issuer and its subsidiaries and has no other unrelated assets or business.

Contents

Accounting policies

General

The financial statements have been prepared in conformity with generally accepted accounting principles in the Netherlands. Where necessary, the amounts reported in the financial statements are based on estimates and assumptions.

Since ABN AMRO Holding N.V. ordinary shares are listed on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts, ABN AMRO also publishes an annual report (Form 20-F) that conforms to the US Securities and Exchange Commission (SEC) rules, including those relating to the format and content of the notes to the financial statements. In addition, it includes an analysis of equity and results according to accounting principles generally accepted in the United States (US GAAP).

Basis for inclusion of financial instruments

A financial instrument is accounted for as an asset or liability from the time the respective contractual rights or obligations accrue to the company. Whenever this ceases to be the case, a financial instrument is no longer recognised in the balance sheet. If ABN AMRO has the right on the grounds of legal or contractual provisions and the intention to settle financial assets and liabilities net or simultaneously, they are netted-off in the balance sheet.

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities, revenues and expenses of ABN AMRO Holding N.V., its subsidiaries and other group companies that form an organisational and economic entity with it. A group company is an entity for which ABN AMRO has the power to govern its financial and operational policy and to obtain the majority of its benefits unless the investment is intended not to be permanent. Special purpose entities which meet these criteria, such as entities established to securitise assets bought from ABN AMRO, are treated as group company as well. Entities are consolidated from the date on which control is transferred to ABN AMRO and no longer consolidated from the date that control ceases. Minority interests in both equity and results of subsidiaries and other group companies are stated separately. Jointly-controlled entities are proportionally consolidated based on ABN AMRO's interest in such an entity.

Goodwill

Goodwill may arise on the acquisition of group companies, joint ventures and participating interests with significant influence. It represents the excess of the cost of an acquisition over the fair value of ABN AMRO's share of the net assets acquired measured at the date of acquisition. Goodwill is not capitalised but is charged to shareholders' equity according to one of the options, permitted under Dutch law.

Currency translation

Assets and liabilities denominated in foreign currencies and financial instruments hedging these assets and liabilities are translated into euros at the spot rates of exchange prevailing at balance sheet date. Translation differences are taken to the income statement. With the exception of capital investments in hyper-inflationary countries, translation differences on capital investments in foreign branches, subsidiaries and participating interests, including retained profit, are accounted for in shareholders' equity together with the results from related hedging instruments, after allowing for taxation.

Results on transactions denominated in foreign currencies are translated at the rates prevailing at transaction date or, insofar as accruals and deferrals are involved, on the last day of the month to which the results relate. Results of foreign branches, subsidiaries and participating interests, apart from those in hyper-inflationary countries, are translated at the rates prevailing at the end of the month in which the results are recognised. The results from branches, subsidiaries and participating interests in hyper-inflationary countries are translated at the rates prevailing at balance sheet date, after restating the local currency results for the effects of inflation.

Valuation and determination of results

General

Except where otherwise stated, assets and liabilities are recorded at cost, less any allowance deemed necessary. The effects of transactions and other events are recognised when they occur; revenues and expenses are recognised in the year to which they relate. Premiums and discounts are accounted for in prepayments and accrued income or accruals and deferred income respectively, and are attributed to the accounting periods throughout the remaining terms of the underlying items.

Except for items forming part of the trading portfolio, interest-earning and interest-bearing securities on which a large part or all of the interest receivable or payable is settled on redemption are included at either purchase price or discounted value on issue plus accrued interest.

If financial instruments are used to hedge risks associated with designated assets or liabilities, the valuation and determination of results on these instruments are effected in accordance with the policies applied to the hedged items. Transactions qualify as hedges if they are identified as such and there is a substantial correlation between the hedging results and the results of the positions being hedged. Gains or losses on the early termination of a hedge are recognised as assets or liabilities and amortised over the remaining terms of the hedged positions. Where financial instruments are used to hedge risks associated with designated assets or liabilities and the hedged assets or liabilities are sold or terminated, such financial instruments no longer qualify as hedges. Results on the settlement of the hedge are accounted for in the same period as gains or losses on the settlement of the hedged position. Accounting policies relating to other financial instruments are explained in the section on trading activities.

Where loan-related fees exceed initial expenses, the excess is accounted for as interest in the period concerned. Acquisition commission paid by the life insurance business to third parties and the banking operation are capitalised as initial expenses and amortised. Expenses involved in the issuance of ordinary and preference shares are charged to shareholders' equity.

Loans

Loans are generally shown at the principal amount. Loans are classified as doubtful as soon as there is any doubt about the borrower's capacity to meet its payment obligations to the bank. Where deemed necessary, an allowance for loan losses is determined on a per item basis, taking into account the value of collateral. The allowances for consumer loans are determined on a portfolio basis, with a specific provision for each product being determined by the size of the portfolio and historical loss experience. New allowances and changes in existing allowances are recognised in the provision for loan losses in the income statement.

'Non-performing' loans are doubtful loans that are placed on a non-accrual basis, which means that the contractual interest is no longer recognised in the income statement. Such unrecognised interest is then either (i) booked into a suspense account, or (ii) if for administrative reasons it cannot be booked as a specific unpaid interest claim, it is booked directly into the specific allowance for loan losses. When actually received, interest on non-performing loans is only recognised as interest revenue if the principal is expected to be fully collected. Doubtful loans are not written off until it is clear that repayment of principal can be ruled out.

The fund for general banking risks aims to cover general risks related to credits. The related deferred tax assets are deducted from the fund.

Trading activities

Securities held in the trading portfolios are stated at market value. Debentures of ABN AMRO group companies, acquired as part of trading activities, are stated at the lower of market value and purchase price. Foreign exchange contracts, stock, bond, currency and other options, as well as interest rate contracts such as interest rate swaps and forward rate agreements, are stated at market value. The aggregate market value of these contracts is included in other assets or other liabilities. Gains or losses resulting from the method of valuation described are recognised in the income statement in results from financial transactions.

Financial and other fixed assets

Investments

Interest-earning securities (other than securities on which a large part or all of the interest is settled on redemption) held in the investment portfolios are stated at redemption value. Shares held in these portfolios are included at market value, with changes in value, net of tax, reflected in shareholders' equity. If the revaluation reserve formed in this manner on a portfolio basis is insufficient to absorb diminutions in value, they will be charged to the income statement in value adjustments to financial fixed assets. Results on sales are credited to the income statement in the year the investments are sold. Net capital gains on interest-bearing securities realised prior to redemption date in connection with replacement operations are recognised as interest over the remaining average portfolio duration. Investments which are held under insurance contracts for the account and risk of policyholders are carried at market value; changes in the value of these investments are accounted for as other revenue (profits or losses of insurance companies).

Shares as part of venture capital activities

Equity investments, i.e. shares acquired as part of venture capital activities, are stated at purchase price or sustained lower market value. Changes in value are reflected in the income statement.

Participating interests

Participating interests in which ABN AMRO or one of its subsidiaries has a significant influence on commercial and financial policy are stated at net asset value determined in conformity with the policies applied in these financial statements. Significant influence is assumed when ABN AMRO is represented on the board of directors or an equivalent governing body of the investee, even when ABN AMRO holds less than 20% of the voting power of the investee. In accordance with these policies, movements in net asset value are recorded in shareholders' equity, such as revaluations and goodwill, or in the income statement. Tax payable on distributions is taken into account at the moment of the decision to make a distribution.

Other participating interests, consisting principally of equity investments in companies in related lines of business, are shown either at market value at balance sheet date (listed participating interest) or at estimated realisable value (unlisted participating interest). Movements in the value of participating interests on which the bank does not exercise an influence are recorded, net of tax, in shareholders' equity. If the revaluation reserve formed in this manner for each participating interest is insufficient to absorb diminutions in value, such diminutions will be charged to the income statement in value adjustments to financial fixed assets.

Property and equipment

Premises used in operations, including land, are stated at current value based on replacement cost. These current values are estimated on a rolling basis by external appraisers, whereby each year at least 10% of the bank's buildings is appraised. The value of larger fittings is estimated once every five years. In the years in between, a building index is used for the properties concerned. Buildings, fixtures and fittings are fully depreciated by the straight-line method over their estimated useful life with a maximum of 50 years. Movements in value, net of tax, are credited or charged to shareholders' equity on a permanent basis. Capital expenditures on rented premises are capitalised and also depreciated on a straight-line basis, taking into account the term of the lease.

Building sites, commercial property projects and residential property under construction are stated at cost incurred, including interest and net of provisions as required. However, on large-scale, long-term development projects on which the result can be realiably measured, the result is recognised in accordance with the percentage-of-completion method.

Unsold property held for sale is stated at the lower of cost, including interest during the construction phase, and the estimated proceeds from sale.

Investment property is stated at fair value whereby all changes in the fair value are taken into the income statement.

Equipment, computer installations, software bought from third parties and the costs of internally-developed software which relates to the development stage are stated at cost less straight-line depreciation over the estimated useful life, namely:

- Equipment 5 to 12 years
- Computer installations 2 to 5 years
- Software 3 years.

Mortgage servicing rights

Mortgage servicing rights are capitalised at the lower of initial carrying value, adjusted for amortisation or fair value. The amortisation is in proportion to, and over the period of, net estimated servicing income.

The carrying value includes deferred gains and losses on early terminated derivative hedges. The fair value of servicing rights is determined by estimating the present value of future net cash flows, taking into consideration prepayments speeds, discount rates, servicing costs and other economic factors. The fair value of hedges is included in evaluating possible impairment. Mortgage servicing rights are classified as other assets.

Provisions

Pension or other retirement plans have been established for the employees in the Netherlands and the majority of staff employed outside the Netherlands in accordance with the regulations and practices of the countries in question. Most of these plans are administered by separate pension funds or third parties. The obligations are regarded as own obligations of ABN AMRO, irrespective of whether these are administered by a pension fund or in some other manner. Viewed against this background, the nature and substance of the plans are decisive for their treatment in the financial statements. In this respect, a distinction is made between defined contribution plans and defined benefit plans.

Defined benefit plan pension obligations are calculated in accordance with the projected unit credit method of actuarial cost allocation. Under this method, the present value of pension and other employee benefit obligations is determined on the basis of the number of active years of service up to balance sheet date, the estimated salary scale at the time of the expected retirement date and the market rate of interest on high-quality corporate bonds.

To determine the pension costs, the expected return on the plan assets is included in the calculation. Differences between the expected and actual return on the plan assets, as well as actuarial changes, are only recorded in the income statement if the total of these accumulated differences and changes exceeds a corridor of 10% of the largest of obligations under the plan or the fair value of the related plan assets. The part that exceeds the corridor is taken to the income statement over the members' remaining years of service. Additions in defined benefit obligations resulting from revised plans regarding prior-service periods (prior-service cost) are also not recognised immediately in the period these benefits are vested but taken to the income statement over the members' remaining years of service. Any differences thus calculated between the pension costs and the contributions payable are accounted for as provision or prepayments. If the accumulated benefit obligation (the defined benefit obligation without considering future salary increases) exceeds the fair value of the plan assets of the pension fund, an additional liability (provision for pension obligations) may be required. This will be the case if this excess is greater than the provision for pension obligations already accounted for, taking into account the method described above.

If an additional provision for pension obligations is recognised, an equal amount, but not an amount which exceeds the amount of unrecognised prior-service cost, is recognised as an intangible asset. Any amount not recognised as an intangible asset will be charged to shareholders' equity. Obligations relating to the early retirement of employees are treated in this context as pension obligations.

In the case of defined contribution plans, contributions owing are charged directly to the income statement in the year to which they relate.

Provisions for other post-retirement benefits, chiefly consisting of contributions to health insurance, and for payments to non-active employees are also computed on the basis of actuarial assumptions.

Insurance fund liabilities relate chiefly to provisions for life insurance. These are determined using actuarial methods and on the basis of the same principles as those used to calculate the premium. These provisions are periodically tested against changes in mortality statistics, interest rates and costs, and increased whenever deemed inadequate.

Technical provisions for plan assets exposure borne by policyholders are determined using the same principles as are applied for the valuation of the underlying plan assets.

Except for deferred tax liabilities, other provisions for commitments and risks are included at face value.

Taxes

In determining the effective tax rate, all timing differences between pretax profit determined on the basis of ABN AMRO accounting policies and the taxable amount in accordance with tax legislation, are taken into account. Deferred tax assets and liabilities are discounted to their present value on the basis of the net interest. Deferred tax assets are accounted for only if there is sufficient assurance about their collectibility. The addition to or withdrawal from the fund for general banking risks is taken into account when determining the effective tax rate. Taxes related to movements in the value of assets and liabilities which are directly debited or credited to shareholders' equity are directly booked to shareholders' equity as well.

Consolidated balance sheet at December 2004

(in millions of euros)	**2004**	2003
Assets		
Cash **1**	**17,794**	12,734
Short-dated government paper **2,5**	**16,578**	9,240
Banks **3**	**83,710**	58,800
Loans to public sector	***5,967***	*5,489*
Loans to private sector	***233,815***	*234,776*
Professional securities transactions	***59,269***	*56,578*
Loans **4**	**299,051**	296,843
Interest-earning securities **5**	**133,869**	132,041
Shares **5**	**25,852**	16,245
Participating interests **6**	**2,309**	2,629
Property and equipment **7**	**6,798**	7,204
Other assets **8**	**15,338**	16,548
Prepayments and accrued income **9**	**7,324**	8,153
	608,623	560,437
Liabilities		
Banks **10**	**132,732**	110,887
Savings accounts	***74,256***	*73,238*
Deposits and other client accounts	***178,640***	*168,111*
Professional securities transactions	***40,661***	*48,517*
Total client accounts **11**	**293,557**	289,866
Debt securities **12**	**82,926**	71,688
Other liabilities **8**	**43,040**	33,207
Accruals and deferred income **9**	**9,776**	11,840
Provisions **13**	**13,553**	11,146
	575,584	528,634
Fund for general banking risks **14**	**1,149**	1,143
Subordinated debt **15**	**12,639**	13,900
Shareholders' equity **16**	***14,972***	*13,047*
Minority interests **17**	***4,279***	*3,713*
Group equity	**19,251**	16,760
Group capital	**33,039**	31,803
	608,623	560,437
Contingent liabilities **23**	**46,464**	42,838
Committed facilities	**145,092**	119,675

Numbers stated against items refer to the notes

Consolidated income statement for 2004

(in millions of euros)	**2004**	2003	2002
Revenue			
Interest revenue	***23,196***	*23,529*	*27,370*
Interest expense	***13,530***	*13,806*	*17,525*
Net interest revenue 26	**9,666**	9,723	9,845
Revenue from securities and participating interests 27	**1,620**	269	369
Commission revenue	***5,452***	*5,160*	*5,421*
Commission expense	***702***	*696*	*782*
Net commissions 28	**4,750**	4,464	4,639
Results from financial transactions 29	**2,288**	1,993	1,477
Other revenue 30	**1,469**	2,344	1,950
Total non-interest revenue	**10,127**	9,070	8,435
Total revenue	**19,793**	18,793	18,280
Expenses			
Staff costs 31	***7,764***	*7,080*	*7,407*
Other administrative expenses 32	***4,962***	*4,575*	*4,647*
Administrative expenses	**12,726**	11,655	12,054
Depreciation 33	**961**	930	1,094
Operating expenses	**13,687**	12,585	13,148
Provision for loan losses 34	**653**	1,274	1,695
Value adjustments to financial fixed assets 36	**2**	16	49
Total expenses	**14,342**	13,875	14,892
Operating profit before taxes	**5,451**	4,918	3,388
Taxes 37	**1,071**	1,503	973
Group profit after taxes	**4,380**	3,415	2,415
Minority interests 38	**271**	254	208
Net profit	**4,109**	3,161	2,207
Earnings per ordinary share 40	**2.45**	1.94	1.39
Fully diluted earnings per ordinary share 40	**2.45**	1.93	1.38
Dividend per ordinary share	**1.00**	0.95	0.90

Numbers stated against items refer to the notes

Consolidated cash flow statement in 2004

(in millions of euros)	**2004**	2003	2002
Group profit	**4,380**	3,415	2,415
Depreciation	**961**	930	1,006
Provision for loan losses	**653**	1,274	1,695
Movement in provisions	**953**	287	(723)
Movement in interest receivable	**513**	(1,236)	2,277
Movement in interest payable	**(1,065)**	2,092	(1,387)
Movement in current tax	**401**	226	331
Other accruals and deferrals	**350**	908	91
Government paper and securities, trading	**(20,876)**	(6,546)	(2,311)
Other securities	**(2,149)**	(1,500)	3,865
Banks, other than demand deposits	**355**	839	1,238
Loans	**(19,724)**	(4,638)	1,888
Professional securities transactions (included in loans)	**(3,498)**	(4,158)	5,890
Total client accounts	**19,735**	14,741	(3,451)
Professional securities transactions (included in total client accounts)	**(5,644)**	6,661	4,658
Debt securities, excluding debentures and notes	**(2,744)**	(4,616)	1,324
Other assets and liabilities	**7,996**	(10,673)	(14)
Net cash flow from operations / banking activities	**(19,403)**	(1,994)	18,792
Purchase of securities for investment portfolios	***(73,810)***	*(151,771)*	*(144,584)*
Sale and redemption of securities from investment portfolios	***75,224***	*148,015*	*122,697*
Net inflow / (outflow)	**1,414**	(3,756)	(21,887)
Investments in participating interests	***(322)***	*(1,010)*	*(479)*
Sale of investments in participating interests	***2,680***	*364*	*280*
Net inflow / (outflow)	**2,358**	(646)	(199)
Capital expenditure on property and equipment	***(1,046)***	*(1,563)*	*(1,292)*
Sale of property and equipment	***186***	*491*	*497*
Net (outflow)	**(860)**	(1,072)	(795)
Net cash flow from investment activities	**2,912**	(5,474)	(22,881)
Movement in group equity	**2,049**	1,281	106
Repayment of preference shares	**(1,911)**	(1,258)	0
Issue of subordinated debt	**50**	1,025	114
Repayment of subordinated debt	**(797)**	(164)	(964)
Issue of debentures and notes	**25,525**	19,426	8,815
Repayment of debentures and notes	**(8,462)**	(10,236)	(7,349)
Cash dividends paid	**(964)**	(915)	(999)
Net cash flow from financing activities	**15,490**	9,159	(277)
Cash flow	**(1,001)**	1,691	(4,366)

For details refer to note 43

Changes in shareholders' equity in 2004

(in millions of euros)	**2004**	2003	2002
Ordinary shares			
Opening balance	**919**	890	862
Exercised options and warrants	**2**	–	2
Conversion of convertible preference shares	**–**	1	1
Stock dividends	**33**	28	25
Closing balance	**954**	919	890
(Convertible) Preference shares			
Opening balance	**813**	814	815
Conversion	**–**	(1)	(1)
Redemption and issuance	**(46)**	–	–
Closing balance	**767**	813	814
Share premium account			
Opening balance	**2,549**	2,543	2,504
Exercised options and conversion	**48**	1	63
Conversion of (convertible) preference shares	**–**	1	1
Release from general reserve due to staff options	**1**	32	–
Stock dividends	**(33)**	(28)	(25)
Closing balance	**2,565**	2,549	2,543
General reserve and reserves prescribed by law			
Opening balance	**11,166**	8,933	8,161
Net profit	**4,109**	3,161	2,207
Preferred dividends	**(43)**	(45)	(46)
Cash dividends paid	**(694)**	(655)	(599)
Goodwill and dilution of minority participating interest	**30**	(425)	(201)
Impact of change in accounting policy for pension costs	**–**	–	(430)
Addition to share premium account due to staff options	**(1)**	(32)	–
Addition to / release from provision for pension obligations	**(479)**	14	(374)
Realised revaluations from revaluation reserve	**–**	–	186
Other	**(212)**	215	29
Closing balance	**13,876**	11,166	8,933
Revaluation reserves			
Opening balance	**283**	124	355
Realised revaluations to general reserve	**–**	–	(186)
Revaluations	**(79)**	159	(45)
Closing balance	**204**	283	124
Exchange differences reserve			
Opening balance	**(2,564)**	(2,098)	(476)
Currency translation differences	**(198)**	(466)	(1,622)
Closing balance	**(2,762)**	(2,564)	(2,098)
Treasury stock			
Opening balance	**(119)**	(125)	(123)
Increase (decrease)	**(513)**	6	(2)
Closing balance	**(632)**	(119)	(125)
Total shareholders' equity	**14,972**	13,047	11,081

Notes to the consolidated balance sheet and income statement

(unless otherwise stated, all amounts are in millions of euros)

1 Cash

This item includes legal tender and demand deposits with central banks in countries in which the bank has a presence.

2 Short-dated government paper

This item includes securities issued by public authorities, such as treasury paper, with original terms of two years or less, provided they can be refinanced with a central bank.

3 Banks (assets)

This item includes receivables, including reverse repos and sell-back transactions, from credit institutions, central banks and multilateral development banks not already recognised in cash. Securitised receivables are included in interest-earning securities or shares.

	2004	2003
Reverse repos and sell-back transactions	**64,372**	40,922
Demand deposits	**3,954**	4,299
Time deposits	**11,484**	9,831
Loans to banks	**3,900**	3,748
Total banks (assets)	**83,710**	58,800

4 Loans and credit risk

This item includes amounts receivable in connection with loans, including professional securities transactions, insofar as these are not recognised in the banks item. Securitised receivables are included in interest-earning securities or shares.

In granting facilities and loans, the bank incurs a credit risk, i.e. the risk that the receivable will not be repaid. This primarily concerns the balance sheet items banks, loans and interest-earning securities and off-balance sheet items. Concentration of credit risk could result in a material loss for the bank if a change in economic circumstances were to affect a whole industry or country.

Sector analysis of loans

	2004	2003
Public sector	**5,972**	5,494
Commercial	**127,381**	130,983
Retail	**109,345**	107,706
Professional securities transactions	**59,269**	56,578
Allowances for loan losses and sovereign risks	**(2,916)**	(3,918)
Loans	**299,051**	296,843

Collateral for private sector loans

Collateral is frequently demanded in connection with lending operations. The following tables analyse private sector loans by type of collateral. Unsecured loans also include loans for which the bank has the right to require collateral.

	2004	2003
Commercial		
Public authority guarantees	**8,103**	11,382
Mortgages	**23,994**	28,074
Securities	**791**	1,006
Bank guarantees	**3,305**	3,113
Other types of collateral and unsecured	**91,188**	87,408
Total commercial loans	**127,381**	130,983
Retail		
Public authority guarantees	**151**	50
Mortgages	**82,700**	80,794
Other types of collateral and unsecured	**26,494**	26,862
Total retail loans	**109,345**	107,706

Commercial loans by industry

	2004	2003
Agriculture, mining and energy	**11,700**	11,202
Manufacturing	**23,925**	27,980
Construction and real estate	**22,539**	19,025
Wholesale and retail trade	**16,443**	18,329
Transportation and communications	**12,387**	12,966
Financial services	**19,967**	21,188
Business services	**10,310**	10,565
Education, health care and other services	**10,110**	9,728
Total commercial loans	**127,381**	130,983

Loans by region

	2004	2003
Netherlands		
Public sector	**1,025**	1,128
Commercial	**54,053**	52,990
Retail	**87,701**	84,382
Professional securities transactions	**1,370**	1,268
Total Netherlands	**144,149**	139,768
North America		
Public sector	**792**	898
Commercial	**35,474**	38,185
Retail	**12,817**	14,668
Professional securities transactions	**34,668**	38,372
Total North America	**83,751**	92,123
Rest of the world		
Public sector	**4,155**	3,468
Commercial	**37,854**	39,808
Retail	**8,827**	8,656
Professional securities transactions	**23,231**	16,938
Total Rest of the world	**74,067**	68,870
Total	**301,967**	300,761

Movements in allowances for loan losses

	2004	2003	2002
Opening balance	**4,012**	4,129	4,500
Currency translation differences and other movements	**(816)**	(331)	(590)
Write-offs	**(1,157)**	(1,343)	(1,711)
Recoveries	**170**	246	142
	2,209	2,701	2,341
Unrecognised interest	**78**	71	107
New and increased specific allowances for loan losses	***1,288***	*1,856*	*2,447*
Releases of specific allowances for loan losses	***(478)***	*(370)*	*(624)*
Recoveries	***(170)***	*(246)*	*(142)*
Net increase	**640**	1,240	1,681
Closing balance	**2,927**	4,012	4,129

Allowances for loan losses and sovereign risk

	2004	2003	2002
Allowances for loan losses	**2,927**	4,012	4,129
Allowances for sovereign risk	**219**	215	181
Total	**3,146**	4,227	4,310
Allowances can be analysed by balance sheet item as follows:			
Loans	**2,916**	3,918	4,038
Banks	**3**	8	8
Interest-earning securities	**201**	243	217
Other	**26**	58	47
Total	**3,146**	4,227	4,310

Sovereign risk

Loans and other exposures are often not restricted to the country of the lending branch, but also involve banks, public authorities and other clients in foreign countries, and are mostly denominated in foreign currencies. The total cross-border exposure is very substantial but relates mainly to OECD countries. An increased risk on these outstandings would arise if and insofar as government measures or extreme economic conditions in specific countries were to restrict debt servicing. Up until 2002, provisions were formed in such circumstances for debts of specific governments that were denominated in foreign currencies. With effect from 2002, a provision is formed only for payments that are overdue or are expected to become past due. In this way, loans to governments are not treated any differently from loans to other borrowers.

Analysis of sovereign risk exposure and allowances at 31 December 2004

	Exposure	Risk allowances
Latin America	300	195
Other countries	27	24
Total	327	219

Movements in sovereign risk allowances

	2004	2003	2002
Opening balance	**215**	181	345
Currency translation differences	**(12)**	(7)	(42)
Provision for loan losses	**13**	34	14
Other movements	**3**	7	(136)
Closing balance	**219**	215	181

Allowances for sovereign risks are charged to loans and interest-bearing securities.

Leasing

Loans include lease agreements in which ABN AMRO is the lessor.

Future minimum finance lease instalments are scheduled to mature as follows:

	Lease instalments due
Within one year	775
After one year and within five years	1,970
After five years	1,534
Total	4,279
Total of unearned financing income	460
Residual value (not guaranteed) in favour of lessor	796

Other

The loans item includes subordinated debt amounting to EUR 41 million (2003: EUR 35 million), as well as loans securitised by the bank amounting to EUR 7.8 billion (2003: EUR 10.5 billion) in consideration of which debt paper issued is included in the balance sheet.

5 Securities

The balance sheet items short-dated government paper, interest-earning securities and shares include the investment portfolios, the trading portfolios, securitised receivables such as treasury paper and commercial paper, and equity participations.

Interest-earning securities forming part of an investment portfolio, which principally consist of central government bonds, serve as a liquidity buffer among others. The bank attempts to maximise the return on these instruments through a policy of active management. Equity investments held on a long-term basis are also included in the investment portfolios.

These balance sheet items can be analysed as follows:

	2004	2003
Investment portfolios	**92,906**	95,446
Trading portfolios	**70,491**	51,180
Short-dated government paper	**369**	790
Other bank paper	**5,085**	3,501
Other securities	**4,969**	4,040
Other shares	**995**	938
Equity participations	**1,484**	1,631
Total securities	**176,299**	157,526

of which:

	Listed		Unlisted	
	2004	2003	2004	2003
Public authority paper	**70,354**	71,014	**21,477**	14,743
Other interest-earning securities	**28,005**	23,086	**30,611**	32,438
Shares	**22,405**	13,983	**3,447**	2,262
Total securities	**120,764**	108,083	**55,535**	49,443

Listed securities include all securities which are traded on any stock exchange. Third parties hold legal title to part of the securities included in the portfolios. This is related to securities sold with repurchase commitments totalling EUR 9,178 million (2003: EUR 17,080 million) and securities lending transactions totalling EUR 3,740 million (2003: EUR 3,004 million). In addition, ABN AMRO borrowed securities totalling EUR 15,984 million (2003: EUR 10,536 million). These securities are not recognised in the balance sheet. The item interest-earning securities includes securities of a subordinated nature totalling EUR 888 million (2003: EUR 554 million) and non-subordinated interest-earning securities issued by group companies totalling EUR 404 million (2003: EUR 197 million).

As part of its securities brokerage activities, the bank also trades in ABN AMRO shares. In addition, shares were repurchased on the stock exchange in connection with staff options granted, Performance Share Plan and to cover positions with clients. At balance sheet date, the treasury stock position of group companies included 33.7 million ABN AMRO Holding N.V. ordinary shares. The corresponding amount of EUR 632 million has been deducted from reserves.

An amount of EUR 57,170 million is scheduled for redemption in 2005.

Investment portfolios

The following analysis shows the book value and the fair value of ABN AMRO's investment portfolios. Fair value is based on quoted prices for traded securities and estimated market value for non-traded securities.

	2004			2003		
	Book value	Premiums or discounts	Fair value	Book value	Premiums or discounts	Fair value
Dutch government	**4,243**	**57**	**4,446**	4,749	77	4,895
US Treasury and US government agencies	**7,975**	**38**	**8,083**	9,859	51	10,074
Other OECD governments	**41,174**	**632**	**43,418**	38,121	822	39,802
Mortgage-backed securities	**14,441**	**118**	**14,626**	21,707	348	22,276
Other interest-earning securities	**20,280**	**10**	**20,643**	15,998	24	16,424
Total interest-earning securities and short-dated government paper	**88,113**	**855**	**91,216**	90,434	1,322	93,471
Shares	**4,793**		**4,793**	5,012		5,012
Total investment portfolios	**92,906**		**96,009**	95,446		98,483

The book value of the investment portfolios developed during 2004 as follows:

	Interest-earning	Shares
Opening balance of investment portfolios	90,206	1,255
Movements:		
• Purchases	73,182	628
• Sales	(57,354)	(733)
• Redemptions	(17,137)	–
• Acquisitions / dispositions	(47)	(35)
• Revaluations	–	(3)
• Currency translation differences	(2,476)	1
• Other	760	(375)
Closing balance of investment portfolios	87,134	738
Closing balance of policyholder accounts	979	4,055
Total investment portfolios	88,113	4,793
Revaluations included in closing balance	–	2

Premiums and discounts on the investment portfolios are amortised. The purchase price of the investment portfolios, including unamortised amounts from replacement transactions, was EUR 129 million above the redemption value.

Trading portfolios

The following table analyses the composition of the trading portfolios.

	2004	2003
Dutch government	553	2,219
US Treasury and US government agencies	5,760	8,212
Other OECD governments	28,320	19,242
Other interest-earning securities	17,278	12,843
Total interest-earning securities	51,911	42,516
Shares	18,580	8,664
Total trading portfolios	**70,491**	51,180

Other securities

The following table analyses the book value and fair value of other securities.

	2004		2003	
	Book value	Fair value	Book value	Fair value
Short-dated government paper	369	370	790	788
Other bank paper	5,085	5,100	3,501	3,501
Other securities	4,969	5,024	4,040	4,075
Total interest-earning securities	10,423	10,494	8,331	8,364
Shares and equity participations	2,479	2,712	2,569	2,455
Total other securities	**12,902**	**13,206**	10,900	10,819

6 Participating interests

This item includes equity participations held on a long-term basis for the purpose of business operations.

	2004	2003
Credit institutions	**1,359**	1,661
Other participating interests	**950**	968
Total participating interests	**2,309**	2,629
Development:		
Opening balance	**2,629**	2,166
Movements:		
• Purchases / increases	**133**	887
• Sales / reductions	**(465)**	(127)
• Revaluations	**8**	83
• Share in results of significant participations interest	**62**	12
• Dividends received from significant participations interest	**(59)**	(7)
• Currency translation differences	**(55)**	(184)
• Other	**56**	(201)
Closing balance	**2,309**	2,629
Revaluations included in closing balance	**10**	84

Participating interests with official stock exchange listings represented a book value of EUR 869 million (2003: EUR 1,225 million).

7 Property and equipment

	2004	2003
Property used in operations	**2,869**	3,167
Other property	**2,436**	2,455
Equipment	**1,493**	1,582
Total property and equipment	**6,798**	7,204

At 31 December 2004 EUR 404 million (2003: EUR 385 million) of internally-generated software was capitalised under equipment.

	Property			
	Total	Used in in operations	Other	Equipment
Opening balance	7,204	3,167	2,455	1,582
Movements:				
• Purchases	1,046	233	55	758
• Sales	(186)	(93)	(26)	(67)
• Revaluations / devaluations	(32)	(32)	–	–
• Depreciation	(961)	(153)	(2)	(806)
• Acquisitions / dispositions	(481)	(99)	(280)	(102)
• Currency translation differences	(93)	(47)	(25)	(21)
• Other 1	301	(107)	259	149
	(406)	(298)	(19)	(89)
Accumulated amounts:				
Replacement cost	11,279	4,248	2,441	4,590
Depreciation	(4,481)	(1,379)	(5)	(3,097)
Closing balance	6,798	2,869	2,436	1,493
Revaluations included in closing balance	101	101	–	–

1 *Other of Other property comprises the net increase from property development activities*

Legal title to property and equipment totalling EUR 10 million (2003: EUR 27 million) is held by third parties.

Payables with respect to finance lease agreements are EUR 30 million, of which computers EUR 29 million and equipment EUR 1 million.

8 Other assets and other liabilities

These items include those amounts which are not of an accrued or deferred nature or which cannot be classified with any other balance sheet item. This concerns, for example, current tax assets EUR 582 million (2003: EUR 267 million) and current tax liabilities EUR 1,708 million (2003: EUR 992 million), deferred tax assets EUR 1,360 million (2003: EUR 1,201 million), an intangible asset on account of unrecognised prior-service pension costs EUR 316 million (2003: EUR 368 million), options, servicing rights EUR 1,662 million (2003: EUR 1,009 million), precious metals and other goods, balances of payment transactions still to be settled, short securities positions and market value of interest rate and currency contracts as part of trading activities. Options on behalf of customers are also included EUR 169 million (2003: EUR 267 million). In general, the amounts payable and receivable included in these balance sheet headings are due within one year. The aforementioned deferred tax liabilities, the servicing rights and the intangible asset related to prior-year service costs are an exception to this.

9 Prepayments and accrued income and accruals and deferred income

These items include revenue and expenses recognised in the period under review but whose actual receipt or payment falls in a different period, as well as the total net difference between contract rates and spot rates on foreign exchange hedging operations.

10 Banks (liabilities)

This item comprises debts, including amounts on account of repos and buy-back transactions, to credit institutions, central banks and multilateral development banks.

	2004	2003
Repos and buy-back transactions	**56,351**	33,672
Demand deposits	**17,521**	13,954
Time deposits	**50,976**	52,015
Loans from banks	**7,884**	11,246
Total banks (liabilities)	**132,732**	110,887

11 Total client accounts

This item includes total client balances held in current accounts, savings accounts and deposits, as well as debts on account of professional securities transactions and non-subordinated private loans.

	2004	2003
Savings accounts	**74,256**	73,238
Corporate deposits	**79,482**	81,636
Professional securities transactions	**40,661**	48,517
Other client accounts	**99,158**	86,475
Total client accounts	**293,557**	289,866

12 Debt securities

This item includes non-subordinated debt and other negotiable interest-bearing debt securities.

	2004	2003
Debentures and notes	**63,812**	50,997
Cash notes, savings certificates and bank certificates	**3,720**	4,590
Certificates of deposit and commercial paper	**15,394**	16,101
Total debt securities	**82,926**	71,688

The debentures are issued principally in the Dutch capital market and the Euromarket and are denominated mostly in euros and US dollars. The commercial paper programme is conducted mainly in the United States and is denominated in US dollars. The other debt securities are instruments used in markets in which ABN AMRO is active and are usually denominated in local currencies.

At 31 December 2004, debt securities denominated in euros amounted to EUR 48,024 million and those denominated in US dollars to EUR 23,899 million.

At 31 December 2004, the debentures and notes, originally issued in the capital market, included EUR 20,877 million of variable rate obligations. In addition, EUR 10,660 million of the debentures and notes had been converted into variable rate obligations through the use of asset-liability management derivative contracts. The average interest rate on the debentures and notes, adjusted to reflect the effect of asset-liability management derivative contracts at year-end 2004, was 3.13%.

Maturity analysis

	2004	2003
Within one year	**28,979**	31,927
After one and within two years	**7,983**	9,000
After two and within three years	**9,048**	4,014
After three and within four years	**5,329**	4,224
After four and within five years	**7,402**	2,782
After five years	**24,185**	19,741
Total debt securities	**82,926**	71,688

13 Provisions

	2004	2003
Provision for deferred tax liabilities (see note 37)	**1,229**	1,061
Provision for pension obligations (including early retirement)	**1,284**	706
Provision for contributions to health insurance after retirement	**362**	329
Other staff provisions	**448**	357
Insurance fund liabilities	**8,843**	7,845
Restructuring provisions	**752**	181
Other provisions	**635**	667
Total provisions	**13,553**	11,146

The other staff provisions refer in particular to occupational disability and other benefits, except early retirement benefits, payable to non-active employees. Provisions formed for staff benefit schemes due to restructuring are accounted for as restructuring provisions. Insurance fund liabilities include the actuarial reserves and the premium and claims reserves of the Group's insurance companies.

Provisions are generally long-term in nature.

	Other staff provisions	Restructuring	Other provisions
Opening balance	357	181	667
Movements:			
• Acquisitions / dispositions	(6)	–	(125)
• Additions from income statement	332	681	265
• Expenses charged to provisions	(256)	(109)	(219)
• Currency translation differences	(9)	(1)	3
• Other	30	–	44
Closing balance	448	752	635

The following tables summarise the change in benefit obligations and plan assets of the main pension plans and other employee benefit plans based on FAS 87 and FAS 106 as well as the funded status of the plans.

	Pension	Health insurance combination
Opening balance	9,307	561
Movements in projected benefit obligations:		
• Service cost	306	18
• Interest cost	506	32
• Employee contributions / refunds	14	–
• Actuarial (gain) / loss	962	192
• Benefits paid	(300)	(17)
• Acquisitions / dispositions	(85)	–
• Plan amendments	7	–
• Settlement / curtailment	(4)	–
• Currency translation differences	(14)	(26)
• Other	16	–
Closing balance	10,715	760

	Pension	Health insurance combination
Opening balance	7,988	44
Movements in plan assets:		
• Actual return on plan assets	629	5
• Employee contributions / refunds	14	–
• Employer's contribution	623	17
• Benefits paid	(285)	(2)
• Acquisitions / dispositions	(133)	(18)
• Currency translation differences	(69)	–
• Other	(13)	–
Closing balance **(fair value)**	8,754	46

	Pension	Health insurance combination
Funded status / (deficits)	(1,961)	(714)
Unrecognised net actuarial (gain) / loss	2,233	309
Unrecognised prior-service cost	336	16
Unrecognised transition obligation	(2)	27
Prepaid / (accrued) benefit cost	606	(362)

The weighted averages of the main actuarial assumptions used to determine the value of the provisions for pension obligations and contributions to health insurance as at 31 December 2004 were as follows:

	2004	2003
Pensions		
• Discount rate	**4.7%**	5.5%
• Expected increment in salaries	**2.6%**	2.6%
• Expected return on investments	**7.0%**	7.2%
Health insurance:		
• Discount rate	**5.2%**	6.0%
• Average rise in the costs of health care	**6.8%**	6.2%

The expected return on investments regarding pension obligations is weighted on the basis of the fair value of these investments. All other assumptions are weighted on the basis of the defined benefit plan obligations.

For the pension plans the target and actual allocation of the plan assets in 2004 were as follows:

Allocation of Plan Assets

	Target allocation	Actual allocation
Plan asset category		
• Equity securities	48%	47.7%
• Debt securities	50%	50.2%
• Real estate	1%	0.2%
• Other	1%	1.9%
Total	100%	100.0%

The total plan assets held by the Pension Funds do not include direct investments in ABN AMRO.

Forecast of Benefits Payments

2005	289
2006	297
2007	315
2008	331
2009	351
Years after 2009	2,111

The employer's contribution expected to be paid in 2005 amounts to EUR 506 million.

Unrecognised service cost refers to the additional pension obligations resulting from the lowering of the retirement age to 62 years for the employees in the Netherlands with effect from 1 January 2000, and will be amortised over the average remaining years of service of the employees.

For the pension plans in the Netherlands and United Kingdom, accumulated pension obligations (excluding future salary increases) exceeded the value of pension plan assets by EUR 1,050 million as at 31 December 2004. Taking into account a receivable from the Pension Fund, an additional obligation of EUR 1,550 million has been provided for, of which EUR 1,234 million (net EUR 846 million) has been charged to shareholders' equity and EUR 316 million is recognised as an intangible asset under Other assets.

Assumptions relating to movements in health care significantly affect the amounts disclosed for contributions to post-retirement health care. An increase of 1% in the assumed movement in the costs of health care would result in the accumulated obligation for other post-retirement benefits increasing by approximately EUR 172 million as at 31 December 2004, and the net period costs of other post-retirement benefits for 2004 going up by EUR 21 million. Conversely, a decrease of 1% in the assumed movement of the costs of health care would result in the two latter amounts declining by approximately EUR 130 million and EUR 14 million, respectively.

14 Fund for general banking risks

The fund for general banking risks covers general risks associated with lending. The fund is net of tax and forms part of tier 1 capital.

	2004	2003
Opening balance	**1,143**	1,255
Movements:		
Currency translation differences	**6**	(112)
Closing balance	**1,149**	1,143

15 Subordinated debt

This item includes subordinated debentures and loans which, according to the standards applied by the Dutch central bank, qualify for the consolidated capital adequacy ratio. It comprises debt, subordinated to all other current and future liabilities of ABN AMRO Bank N.V., amounting to EUR 8,170 million (2003: EUR 8,840 million), as well as subordinated borrowings of its consolidated participating interests EUR 4,469 million (2003: EUR 5,060 million). In general, early repayment, in whole or in part, is not permitted. The average interest rate on subordinated debt was 5.6%.

Maturity analysis

	2004	2003
Within one year	**1,086**	442
After one and within two years	**1,115**	1,118
After two and within three years	**1,364**	1,136
After three and within four years	**668**	1,380
After four and within five years	**1,546**	695
After five years	**6,860**	9,129
of which		
Preference shares qualifying as tier 1 capital	***1,552***	*1,680*
Other perpetual	***2,000***	*2,136*
Total subordinated debt	**12,639**	13,900

Subordinated debt as at 31 December 2004 was denominated in euros to an amount of EUR 7,227 million and in US dollars to an amount of EUR 5,322 million, and included EUR 2,952 million of variable rate obligations.

16 Shareholders' equity

	2004	2003	2002
Share capital	**1,721**	1,732	1,704
Reserves	**13,883**	11,434	9,502
	15,604	13,166	11,206
Treasury stock	**(632)**	(119)	(125)
Total shareholders' equity	**14,972**	13,047	11,081

For further information, refer to the section on changes in shareholders' equity on page 113.

Share capital

The authorised share capital of ABN AMRO Holding N.V. amounts to EUR 4,704,000,224 face value and consists of four billion and four hundred ordinary shares, four billion convertible financing preference shares and one hundred million convertible preference shares.

The issued and paid-up share capital is made up of the following numbers of shares:

Ordinary shares (face value EUR 0.56)	1,702,888,861
Convertible financing preference shares (face value EUR 0.56)	1,369,815,864
(Formerly convertible) preference shares (face value EUR 2.24)	44,988

On 31 December 2004, 33,686,644 ordinary shares were repurchased in connection with the Performance Share Plan and future exercise of staff options.

Within the scope of the adaptation of our corporate governance the registered preference shares outstanding at the end of 2003 with a defence function were cancelled and new registered convertible preference financing shares were issued that perform no defence function; the dividend has been fixed with effect from 1 October 2004 at 4.65% of the face value. This percentage will be adjusted on 1 January 2011 in the manner stipulated in the articles of association.

The dividend on the preference shares, which were convertible until 31 October 2003, has been fixed at 1 January 2004 at EUR 0.95 per share per annum until the end of 2013.

Reserves

	2004	2003	2002
Share premium account	**2,565**	2,549	2,543
Revaluation reserves	**204**	283	124
Other reserves prescribed by law	**280**	280	297
General reserve	***13,255***	*10,550*	*8,336*
Expected final cash dividend to be paid to holders of ordinary shares	***341***	*336*	*300*
Exchange differences reserve	***(2,762)***	*(2,564)*	*(2,098)*
Other reserves	**10,834**	8,322	6,538
Total reserves	**13,883**	11,434	9,502

The share premium account is mainly regarded as paid-up capital for tax purposes. The share premium account relating to (formerly convertible) preference shares amounts to EUR 1 million (2003: EUR 1 million; 2002: EUR 14 million).

Due to dispositions and depreciation, EUR 105 million of the revaluation reserves is regarded as realised. The remaining part is regarded as a legal reserve.

The expected stock dividend percentage (59%) for the final dividend was taken into consideration.

Staff options

For the Managing Board members, other top executives and some 4,390 employees of ABN AMRO directly reporting to the banks' top executives (key employees), share options are an integral part of their compensation. Next to it, at a limited scale, staff in the Netherlands are offered the opportunity to acquire share options. In 2004, approximately 9,000 employees exercised the right to take share options. The exercise price of all staff options is equal to the average of the highest and lowest ordinary share price quoted on Euronext Amsterdam on the date of grant. With effect from 2002, options awarded to the Managing Board and other (top) executives are of a conditional nature. The options cannot be exercised for at least three years from the date of grant and then only if specific performance indicators have been achieved in the intervening period. If the criteria are not met, the test may be applied in up to three subsequent years. If they are not met at all within six years from the date of grant, the options will lapse. The total term of the options amounts to ten years. With effect from 2004 only one performance condition has to be met before the end of the three-year period.

The non-conditional options are not exercisable during the first three years from the date of grant. Open periods have been established for top executives and other designated persons. This category of staff is not permitted to exercise their options outside the open periods, except on the expiration date and the preceding five working days, subject to certain conditions.

In 2002, 2003 and 2004, the price of options exercised ranged from EUR 12.52 to EUR 24.32. If fully exercised, the options at year-end 2004 would have increased the number of ordinary shares by 63.1 million (see following analysis).

	Staff options (in thousands)	Average exercise price (in euros)	Low/high exercise price (in euros)
Year of expiration			
2005	5,624	21.19	17.95-24.11
2007	4,467	21.30	21.30
2008	9,508	22.72	22.34-23.14
2009	4,412	20.42	20.42
2010	898	15.06	15.06
2011	495	17.12	17.12
2012	9,500	19.12	17.46-19.53
2013	13,757	14.45	14.45-14.65
2014	14,389	18.86	18.86
Total	63,050	18.94	14.45-24.11

	2004		2003	
	Staff options (in thousands)	Average exercise price (in euros)	Staff options (in thousands)	Average exercise price (in euros)
Opening balance	**59,149**	**19.30**	58,334	21.31
Movements:				
Options granted to Managing Board members	**576**	**18.86**	608	14.45
Options granted to other top executives	**6,175**	**18.86**	8,039	14.45
Other options granted	**8,254**	**18.76**	6,249	14.54
Options exercised	**(3,160)**	**18.10**	(362)	17.34
Options expired and cancelled	**(7,944)**	**21.66**	(13,719)	22.68
Closing balance	**63,050**	**18.94**	59,149	19.30
Of which conditional	**37,646**	**17.31**	23,756	16.36
Of which vested and in the money	**1,551**	**17.95**	3,150	18.10
Of which hedged	**28,837**	**18.06**	488	17.00

If all vested rights would be exercised, shareholders' equity would increase by an amount of EUR 432 million.

Deliveries on options exercised in 2004 were made from share repurchases on the date of grant (497,512 shares) and from new shares issued on the exercise date (2,662,183).

If ABN AMRO had based the cost of staff options granted in 2004 at the fair value of the options at the date of grant instead of the intrinsic value of the options, net profit and earnings per ordinary shares would have been EUR 55 million and EUR 0.03 lower respectively.

17 Minority interests

This item comprises the share of third parties in the equity of subsidiaries and other group companies, as well as preferred stock issued to third parties by subsidiaries in the United States. The right to repayment of this preferred stock is in all cases vested in the issuing institution, but repayment is also subject to approval of the supervisory authorities. If this right is not exercised, preference shares without fixed dividend entitlement qualify for a dividend step-up. In terms of dividend and liquidation rights, Trust preferred shares are comparable to ABN AMRO Holding N.V. preference shares.

	2004	2003	2002
Non-cumulative preference shares			
• Trust preferred shares with fixed dividend	**2,408**	2,170	2,382
• Other shares with fixed dividend	**259**	319	384
• Other shares with dividend step-up	**37**	40	270
Other minority interests	**1,575**	1,184	774
Total	**4,279**	3,713	3,810

	2004	2003	2002
Opening balance	**3,713**	3,810	4,556
Movements:			
Currency translation differences	**(227)**	(572)	(732)
Acquisitions / disposition	**(30)**	9	–
Extension	**367**	439	–
Issuance of preference shares	**1,447**	1,290	–
Redemption / repurchase of preference shares	**(1,057)**	(1,258)	–
Other	**66**	(5)	(14)
Closing balance	**4,279**	3,713	3,810

With respect to the minority interest in ABN AMRO Real held by the seller of Banco Sudameris Brasil, ABN AMRO has a call option and the holder of the minority interest has a put option to convert before June 2007 the minority interest into ABN AMRO Holding ordinary shares. The exercise price of this option is equal to 1.82 times the net asset value of ABN AMRO Real shares at time of exercise.

18 Capital adequacy

The standards applied by the Dutch central bank for the principal capital ratios are based on the capital adequacy guidelines of the European Union and the Basel Committee for Banking Supervision. These ratios compare the bank's total capital and tier 1 capital with the total of risk-weighted assets and off-balance sheet items and the market risk associated with the trading portfolios. The minimum requirement for the total capital ratio and tier 1 ratio is 8% and 4% respectively of risk-weighted assets.

The following table analyses actual capital and the minimum standard in accordance with supervisory requirements.

	2004		2003	
	Required	Actual	Required	Actual
Total capital	**18,510**	**26,048**	17,902	26,254
Total capital ratio	**8.0%**	**11.26%**	8.0%	11.73%
Tier 1 capital	**9,255**	**19,818**	8,951	18,236
Tier 1 capital ratio	**4.0%**	**8.57%**	4.0%	8.15%

19 Accounts with participating interests

Amounts receivable from and payable to participating interests included in the various balance sheet items totalled:

	2004	2003
Banks (assets)	**6**	6
Loans	**134**	584
Banks (liabilities)	**171**	143
Client accounts	**279**	257

20 Maturity

Short-dated liabilities and demand deposits are generally matched by cash, assets that can be realised at short notice or lending operations as part of the interest rate risk policy. The balance sheet is already presented in descending order of liquidity. A number of items containing assets or liabilities with varying maturities are analysed in the following table. This analysis does not include liquid assets such as cash and short-dated government paper and the bond investment portfolios, which by their nature can be realised at short notice. In every country in which ABN AMRO is active, liquidity satisfies the standards imposed by the supervisory authorities.

Maturity analysis

(in billions of euros)	On demand	≤3m	>3m-≤1yr	>1yr-≤5yr	>5yr
Banks (liabilities)	25	81	8	10	9
Savings accounts	27	41	3	3	0
Deposits and other client accounts (including professional securities transactions)	111	81	12	7	8
Debt securities	0	21	8	30	24
Subordinated debt	0	0	1	5	7
Banks (assets)	6	55	9	4	10
Loans (including professional securities transactions)	17	102	30	67	83

21 Currency position

Of total assets and total liabilities, amounts equivalent to EUR 420 billion and EUR 424 billion respectively are denominated in currencies other than the euro. Positions arising from balance sheet items are generally hedged by foreign exchange contracts not included in the balance sheet. The actual currency positions arising out of the bank's proprietary foreign exchange dealing activities are of limited size. Part of the currency positions, in respect of operations outside the Netherlands, is used to offset movements in required capital for foreign currency risk-bearing assets, which is also due to exchange rate fluctuations. Similar reasoning lies behind the policy of issuing preferred stock and subordinated debt in foreign currencies.

22 Collateral provided

In connection with collateral provided for specific liabilities and off-balance sheet commitments, as well as for transactions in financial markets, specific assets are not freely available. This relates to cash (EUR 7.3 billion), securities (EUR 15.9 billion) and loans (EUR 32.3 billion). Collateral has been provided for liabilities included in banks (EUR 15.9 billion), debt securities (EUR 15.5 billion) and client accounts (EUR 3.9 billion).

23 Contingent liabilities

	2004	2003
Commitments with respect to guarantees granted	**42,398**	39,434
Commitments with respect to irrevocable letters of credit	**4,051**	3,362
Commitments with respect to recourse risks arising from discounted bills	**15**	42
	46,464	42,838

24 Derivatives

Derivatives are financial instruments, the contracted or notional amounts of which are not included in the balance sheet either because rights and obligations arise out of one and the same contract, the performance of which is due after balance sheet date, or because the notional amounts serve merely as variables for calculation purposes. Examples of derivatives are forward exchange contracts, options, swaps, futures and forward rate agreements. The underlying value may involve interest rate, currency, commodity, bond or equity products or a combination of these. Derivatives transactions are conducted as a trading activity (also on behalf of clients) and as a hedge against ABN AMRO's own interest rate and currency exposure.

The degree to which ABN AMRO is active in the respective markets or market segments is shown in the following analysis by means of notional amounts (including maturity profile based on remaining term). The notional amounts, however, give no indication of the size of the cash flows and the market risk or credit risk attaching to derivatives transactions.

The market risk arises from movements in variables determining the value of derivatives, such as interest rates and quoted prices. The credit risk is the loss that would arise if a counterparty were to default. This is related, however, to the market risk since the extent of the credit risk is in part determined by actual and expected market fluctuations. In calculating the credit risk shown in the following table, netting agreements and other collateral have not been taken into consideration.

Derivatives transactions

(in billions of euros)		Notional amounts				
		≤1 yr	>1yr – ≤5yr	> 5 yr	Total	Credit risk
Interest rate contracts						
OTC	Swaps	728	2,214	134	3,076	58
	Forwards	188	17	0	205	0
	Options	230	304	9	543	2
Exchange-traded	Futures	207	23	0	230	–
	Options	41	–	–	41	–
Currency contracts						
OTC	Swaps	387	59	26	472	22
	Forwards	489	16	0	505	11
	Options	112	7	0	119	2
Exchange-traded	Futures	4	1	–	5	–
	Options	4	–	–	4	–
Other contracts						
OTC	Forwards/Swaps	15	85	24	124	1
	Options	8	10	2	20	1
Exchange-traded	Futures	6	0	–	6	–
	Options	16	6	0	22	–
Total derivatives		2,435	2,742	195	5,372	97

The following tables give an indication of the notional amounts and (average) market values of the principal types of trading portfolio contracts and hedging portfolio contracts (i.e. contracts entered into as part of the bank's interest rate and exchange rate policies). Intercompany transactions between hedging and trading portfolios have not been eliminated from the figures.

Trading portfolio derivatives transactions in 2004

	Notional amounts	Market value		Average market value	
		Positive	Negative	Positive	Negative
Interest rate contracts					
Swaps	3,175,631	59,547	56,521	54,350	52,494
Forwards	204,118	111	89	152	114
Options purchased	367,483	3,031	–	3,787	–
Options sold	221,267	–	2,434	–	3,241
Futures	227,114	–	–	–	–
Total interest rate contracts	4,195,613	62,689	59,044	58,289	55,849
Currency contracts					
Swaps	520,951	24,066	22,597	15,202	14,278
Forwards	510,416	10,814	10,369	6,539	6,394
Options purchased	60,180	1,790	–	1,270	–
Options sold	58,915	–	1,357	–	1,084
Futures	4,765	–	–	–	–
Total currency contracts	1,155,227	36,670	34,323	23,011	21,756
Other contracts					
Equity options purchased	20,499	1,797	–	1,422	–
Equity options sold	21,732	–	1,754	–	1,345
Other equity and commodity contracts	130,546	1,534	1,645	1,272	1,388
Total other contracts	172,777	3,331	3,399	2,694	2,733

Trading portfolio derivatives transactions in 2003

	Notional amounts	Market value		Average market value	
		Positive	Negative	Positive	Negative
Interest rate contracts	3,410,355	62,897	50,781	59,599	56,717
Currency contracts	812,819	28,580	25,185	17,943	19,166
Other contracts	105,490	2,297	1,056	2,102	1,366

Hedging portfolio derivatives transactions

	2004			2003		
		Market value			Market value	
	Notional amounts	Positive	Negative	Notional amounts	Positive	Negative
Interest rate contracts						
Swaps	**152,894**	**2,085**	**2,736**	184,610	2,260	3,779
Forwards	**1,567**	**1**	**3**	1,239	1	1
Options purchased	**2,698**	**21**	**–**	2,718	17	–
Futures	**4,080**	**–**	**–**	14,172	–	3
Total interest rate contracts	**161,239**	**2,107**	**2,739**	202,739	2,278	3,783
Currency contracts						
Swaps	**53,894**	**2,009**	**2,140**	22,498	885	1,091
Forwards	**9,839**	**234**	**203**	11,757	362	345
Options purchased	**1,252**	**13**	**–**	1,440	24	–
Total currency contracts	**64,985**	**2,256**	**2,343**	35,695	1,271	1,436

Derivatives and capital adequacy requirements

In determining the capital adequacy requirement, both existing and future credit risk is taken into account. To this end the current potential loss, i.e. the positive replacement value based on market conditions at balance sheet date, is increased by a percentage of the relevant notional amounts, depending on the nature and remaining term of the contract. This method takes into account the possible adverse development of the positive replacement value during the remaining term of the contract. The following analysis shows the resulting credit equivalent, both unweighted and weighted for the counterparty risk (mainly banks). The figures allow for the downward impact of netting agreements and other collateral on risk exposure and capital adequacy.

Credit equivalent

(in billions of euros)	**2004**	2003
Interest rate contracts	**75.0**	62.3
Currency contracts	**50.5**	41.7
Other contracts	**18.9**	7.7
	144.4	111.7
Effect of contractual netting	**88.9**	65.8
Unweighted credit equivalent	**55.5**	45.9
Weighted credit equivalent	**12.2**	9.1

25 Memorandum items

Apart from the memorandum items stated, non quantified guarantees have been given for the bank's securities custody operations, for interbank bodies and institutions and for participating interests. Collective guarantee schemes apply to Group companies in various countries. Furthermore, statements of liability have been issued for a number of Group companies.

Legal proceedings have been initiated against ABN AMRO in a number of jurisdictions, but on the basis of information currently available, and having taken counsel with legal advisers, the Managing Board is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated operations of ABN AMRO.

For 2005, investment in property and equipment is estimated at EUR 1.0 billion, of which ABN AMRO is already committed to an amount of EUR 183 million.

Though ABN AMRO has sold a part of its loan portfolio, partly through credit-enhanced or non credit-enhanced securitisation, it still holds legal title to some of these loans. In most cases these loans are also serviced by ABN AMRO. The bank also services loans granted by other institutions. The following table states the outstandings at 31 December 2004.

Legal title to loans sold	954
Loans serviced for third parties	139,763
Loans sold with credit enhancement	74

Future rental commitments at 31 December 2004 for long-term lease contracts were as follows:

Within one year	125
After one year and within five years	349
After five years	408

26 Net interest revenue

This item comprises interest revenue from loans, investments, other lending, interest expense on borrowings by ABN AMRO and client accounts, as well as the results from interest rate and foreign exchange contracts entered into for hedging purposes. Other revenue from loans is also included. Interest revenue from interest-earning securities, including short-dated government paper, amounted to EUR 5,199 million (2003: EUR 5,061 million). Interest expense on subordinated debt totalled EUR 761 million (2003: EUR 861 million).

27 Revenue from securities and participating interests

This item includes the share in net profit or loss of participating interests on which ABN AMRO exercises a significant influence. Dividends received from shares and other participating interests are also included, as are the results from sales of shares from the investment portfolio and investments in participating interests insofar as these are not treated as value adjustments to financial fixed assets (see note 41 'Segment information' for more details).

	2004	2003	2002
Revenue from shares and equity participations	**155**	47	79
Revenue from participating interests	**1,465**	222	290
Total revenue from securities and participating interests	**1,620**	269	369

The 2004 figures include the profit on the sale of LeasePlan Corporation, amounting to EUR 838 million and on Bank of Asia amounting to EUR 213 million.

28 Net commissions

This item includes revenue from securities brokerage, domestic and international payments, asset management, insurance, guarantees, leasing and other services. Amounts paid to third parties are shown as commission expense.

	2004	2003	2002
Securities brokerage	**1,268**	1,108	1,269
Payment services	**1,332**	1,237	1,348
Asset management and trust	**917**	813	862
Insurance	**105**	121	165
Guarantees	**215**	199	170
Leasing	**145**	175	185
Other	**768**	811	640
Total commissions	**4,750**	4,464	4,639

29 Results from financial transactions

This includes results from securities trading, foreign exchange dealing and derivatives transactions. The category Other includes currency translation differences on investments – other than those included in tangible fixed assets – in operations in hyper-inflationary countries and results from transactions in connection with hedging of the foreign currency profit.

	2004	2003	2002
Securities trading	**221**	338	492
Foreign exchange dealing	**632**	671	679
Derivatives transactions	**677**	553	388
Private equity	**351**	142	(191)
Other	**407**	289	109
Total result from financial transactions	**2,288**	1,993	1,477

30 Other revenue

This includes revenue from mortgage banking activities, including both mortgage servicing rights and mortgage origination, property development, other revenue from leasing activities and results from the insurance companies forming part of the Group.

Other revenue can be broken down as follows:

	2004	2003	2002
Mortgage banking activities	**372**	1,243	978
Property development	**243**	184	165
Leasing activities	**305**	358	339
Insurance companies	**255**	318	314
Other	**294**	241	154
Total other revenue	**1,469**	2,344	1,950

Mortgage banking activities revenue can be broken down as follows:

	2004	2003	2002
Loan servicing income and related fees	**484**	499	489
Net origination and sale revenue	**83**	874	821
Net gain on sale of servicing rights	**–**	–	45
Amortisation of mortgage servicing rights	**(195)**	(130)	(318)
Valuation provision	**–**	–	(59)
Total mortgage banking activities	**372**	1,243	978

The insurance companies achieved the following results:

	Life	Non-life
Net premium income	1,130	451
Investment income	323	62
Insurance expenses	(1,312)	(399)
Total result of insurance companies	141	114

31 Staff costs

	2004	2003	2002
Salaries (including bonuses, etc.)	**5,889**	5,318	5,415
Pension costs (including early retirement)	**433**	481	384
Health insurance after retirement	**62**	68	71
Social insurance and other staff costs	**1,380**	1,213	1,537
Total staff costs	**7,764**	7,080	7,407
Average number of employees (fte):			
Netherlands	**29,852**	30,620	34,090
Foreign countries	**76,066**	74,819	73,326
Total average number of employees (fte)	**105,918**	105,439	107,416

The 2004 figures include the Group Shared Services and Wholesale Clients restructuring charges (EUR 502 million) and the expected cost of buying off the profit sharing arrangements under the new collective labour agreement in the Netherlands (EUR 177 million).

Pension costs and contributions to health insurance for 2004 borne by the company consist of a number of items. These are shown in the following table.

	Pension	Health insurance combination
Service cost	306	18
Interest cost	506	32
Expected return on plan assets	(566)	(3)
Net amortisation of prior-service cost	55	3
Net amortisation of transition obligation	1	2
Net amortisation of net actuarial (gain) / loss	52	10
Defined benefit plans	354	62
Defined contribution plans	79	–
Total	433	62

32 Other administrative expenses

This item includes office overhead, automation costs, advertising costs and other general expenses.

The 2004 figures include the Group Shared Services and Wholesale Clients restructuring charges (EUR 179 million).

ABN AMRO also leases premises and space in other buildings for its principal activities. The leases generally are renewable and provide for payment of rent and certain other occupancy expenses. Total rent expense for all contracts amounted to EUR 339 million in 2004, EUR 355 million in 2003 and EUR 334 million in 2002.

33 Depreciation

This item is made up of depreciation of property and equipment.

The 2004 figures include the Group Shared Services and Wholesale Clients restructuring charges (EUR 109 million).

34 Provision for loan losses

This item includes provisions for uncollectable outstandings.

35 Addition to the fund for general banking risks

This item includes the addition to or release from the fund, management's intention being to maintain the fund at a level equal to approximately 0.5% of risk-weighted total assets.

36 Value adjustments to financial fixed assets

Financial fixed assets include the bond and equity investment portfolios and participating interests on which the bank does not exercise an influence. Diminutions in value of the bond investment portfolio may relate to a permanent deterioration of the debtor's quality. These diminutions in value and the diminutions in value below the purchase price of shares and participating interests on which no influence is exercised, together with amounts released in respect of earlier diminutions in value, are included in this item. Results from dispositions below purchase price are likewise treated as diminutions in value.

37 Taxes

The overall effective tax rate decreased from 30.6% in 2003 to 19.6% in 2004.

	2004	2003	2002
Dutch tax rate	**34.5%**	34.5%	34.5%
Effect of deviating tax rate in foreign countries	**(6.1%)**	(1.8%)	(4.2%)
Effect of tax-exempt revenue in the Netherlands	**(9.4%)**	(1.6%)	0.4%
Other	**0.6%**	(0.5%)	(2.0%)
Effective tax rate on operating profit	**19.6%**	30.6%	28.7%

Taxes amounted to EUR 1,071 million (2003: EUR 1,503 million), including a deferred tax income of EUR 85 million (2003: including a deferred tax expense of EUR 329 million). The total amount of taxation credited directly to shareholders' equity during the year amounted to EUR 233 million.

The provision for deferred tax liabilities relates to tax liabilities that will arise in the future owing to the difference between the book value of specific assets and liabilities and their valuation for tax purposes. The following analysis shows deferred tax liabilities and assets.

	2004	2003
Deferred tax liabilities		
Buildings	**331**	335
Pensions and other post-retirement and post-employment arrangements	**–**	255
Derivatives	**65**	287
Leases and similar financial contracts	**296**	403
Servicing rights	**496**	484
Dutch tax liability re foreign branches	**742**	592
Other	**229**	260
Total	**2,159**	2,616
Deferred tax assets		
Allowances for loan losses	**477**	400
Investment portfolios	**204**	726
Goodwill	**365**	412
Property	**95**	102
Carry-forward losses	**479**	623
Derivatives	**–**	22
Restructuring charge	**13**	15
Tax credits	**190**	17
Pensions and other post-retirement and post-employment arrangements	**99**	–
Other	**575**	581
Deferred tax assets before valuation allowances	**2,497**	2,898
Less: valuation allowances	**207**	142
Deferred tax assets after valuation allowances	**2,290**	2,756

Deferred tax assets and liabilities are discounted to their net present value on the basis of net interest where the original term of the temporary difference is longer than five years. The nominal value of deferred tax assets amounts to EUR 2,301 million and of deferred tax liabilities to EUR 2,283 million. For discounted deferred tax assets the net interest rate applied as a discount factor is 8% and the average remaining life is five years. For discounted deferred tax liabilities, the net interest rate applied as a discount factor is 4% and the average remaining life is 20 years.

The main component of the valuation allowance relates to tax carry-forward losses. The amount of deferred tax assets, likely to be recovered within one year, is EUR 241 million.

At 31 December 2004 carry-forward losses of foreign operations expire as follows:

2005	11
2006	20
2007	5
2008	78
2009	48
Years after 2009	1,480
Indefinitely	430
Total	2,072

ABN AMRO considers approximately EUR 7.4 billion in distributable invested equity of foreign operations to be permanently invested. If retained earnings were distributed no foreign income taxes would have to be paid. The estimated impact of foreign withholding tax is EUR 223 million.

38 Minority interests

This item comprises the share of third parties in results from subsidiaries and other Group companies, as well as dividends on preferred stock issued by subsidiaries in the United States.

	2004	2003	2002
Dividends on preference shares	**190**	215	173
Other minority interests	**81**	39	35
Total minority interests	**271**	254	208

39 Consolidated statement of comprehensive net profit

	2004	2003	2002
Net profit	**4,109**	3,161	2,207
Other components of comprehensive net profit:			
• Unrealised revaluations	**3**	159	(45)
• Currency translation differences	**(198)**	(466)	(1,622)
• Goodwill	**30**	(425)	(81)
• Addition to / release from provision pension obligation	**(479)**	14	(374)
• Dilution gain / (loss)	**–**	207	(120)
• Other movements	**(8)**	6	–
Net profit not recognised in the consolidated income statement	**(652)**	(505)	(2,242)
Realised revaluations released to the income statement	**(82)**	–	–
Impact of changes in accounting policies (pension costs)	**(58)**	–	(430)
Comprehensive net profit	**3,317**	2,656	(465)

Comprehensive net profit for the period includes all movements in shareholders' equity during the year other than an enlargement of share capital and distributions to shareholders. The dilution gain / loss relates to the increase and decrease respectively of ABN AMRO's share in consolidated participating interests resulting from increases in the capital of these companies. Insofar as realised revaluations are recognised in the net profit, an adjustment needs to be made for the purpose of determining comprehensive net profit. This is done on the line realised revaluation in the income statement. Failing this adjustment, an unrealised gain from a prior financial year which formed part of the comprehensive net profit in that year, would be reported again as total net profit in the year of realisation, but then as part of the ordinary net profit.

40 Earnings per ordinary share

Basic earnings per share is computed by dividing net profit available to ordinary shareholders by the weighted average number of ordinary shares outstanding. Diluted earnings per ordinary share include the determinants of basic earnings per ordinary share and, in addition, the effect arising should all outstanding rights to ordinary shares be exercised. The computation of basic and diluted earnings per ordinary share are presented in the following table.

	2004	2003
Net profit	**4,109**	3,161
Dividends on preference shares	**43**	45
Net profit attributable to ordinary shareholders	**4,066**	3,116
Dividends on convertible preference shares	**0**	0
Fully diluted net profit	**4,066**	3,116
Weighted average number of ordinary shares outstanding (in millions)	**1,657.6**	1,610.2
Dilutive effect of staff options (in millions)	**0.0**	0.0
Performance Share Plan (in millions)	**3.0**	4.9
Diluted average number of ordinary shares (in millions)	**1,660.6**	1,615.1
Basic earnings per share (in euros)	**2.45**	1.94
Fully diluted earnings per share (in euros)	**2.45**	1.93

41 Segment information

The following tables give an analysis by operating segment. For the purpose of this analysis, net turnover represents total revenue before interest expense and commission expense. Overheads have been allocated to the operating segments.

	Net turnover			Total revenue		
	2004	2003	2002	**2004**	2003	2002
Consumer & Commercial Clients	**16,008**	16,585	18,614	**10,275**	10,586	10,299
Of which:						
• *Netherlands*	***5,406***	*5,804*	*6,445*	***3,201***	*3,344*	*3,108*
• *North America*	***4,605***	*5,593*	*6,417*	***3,575***	*4,505*	*4,518*
• *Brazil*	***3,183***	*2,784*	*3,625*	***1,999***	*1,694*	*1,736*
• *New Growth Markets*	***904***	*600*	*640*	***826***	*496*	*527*
• *Bouwfonds*	***1,910***	*1,804*	*1,487*	***674***	*547*	*410*
Wholesale Clients	**11,418**	11,411	12,647	**5,374**	5,293	5,296
Private Clients	**1,952**	1,654	1,717	**1,092**	937	894
Asset Management	**733**	592	630	**595**	496	529
Group Functions	**3,130**	2,079	2,124	**1,766**	668	469
	33,241	32,321	35,732	**19,102**	17,980	17,487
LeasePlan Corporation	**784**	974	855	**691**	813	793
Total	**34,025**	33,295	36,587	**19,793**	18,793	18,280

	Operating profit before taxes			Risk-weighted total assets		
	2004	2003	2002	**2004**	2003	2002
Consumer & Commercial Clients	**2,927**	3,308	2,754	**145,729**	141,360	142,550
Of which:						
• *Netherlands*	***301***	*577*	*409*	***55,692***	*52,634*	*54,223*
• *North America*	***1,378***	*1,941*	*1,734*	***53,734***	*55,263*	*61,669*
• *Brazil*	***475***	*365*	*344*	***9,300***	*7,819*	*5,955*
• *New Growth Markets*	***400***	*131*	*70*	***4,404***	*5,940*	*6,006*
• *Bouwfonds*	***373***	*294*	*197*	***22,599***	*19,704*	*14,697*
Wholesale Clients	**507**	503	(324)	**73,638**	61,554	67,236
Private Clients	**239**	176	207	**7,168**	6,027	6,104
Asset Management	**153**	101	108	**1,190**	695	647
Group Functions	**1,419**	583	411	**3,656**	3,950	2,885
	5,245	4,671	3,156	**231,381**	213,586	219,422
LeasePlan Corporation	**206**	247	232	**–**	10,190	10,150
Total	**5,451**	4,918	3,388	**231,381**	223,776	229,572

	Total liabilities			Total depreciation		
	2004	2003	2002	**2004**	2003	2002
Consumer &						
Commercial Clients	**192,448**	196,540	200,906	**516**	546	659
Of which:						
• *Netherlands*	***85,715***	*86,303*	*85,496*	***297***	*301*	*396*
• *North America*	***63,920***	*68,792*	*81,507*	***128***	*135*	*140*
• *Brazil*	***11,339***	*10,347*	*6,701*	***60***	*67*	*81*
• *New Growth Markets*	***3,579***	*5,816*	*5,974*	***16***	*33*	*31*
• *Bouwfonds*	***27,895***	*25,282*	*21,228*	***15***	*10*	*11*
Wholesale Clients	**301,839**	253,644	243,354	**291**	264	249
Private Clients	**47,808**	42,970	40,528	**58**	43	31
Asset Management	**1,133**	1,364	1,015	**24**	23	14
Group Functions	**46,144**	44,214	51,098	**41**	16	17
	589,372	538,732	536,901	**930**	892	970
LeasePlan Corporation	**–**	4,945	4,526	**31**	38	36
Total	**589,372**	543,677	541,427	**961**	930	1,006

	Total property investment			Revenue from securities and participating interests		
	2004	2003	2002	**2004**	2003	2002
Consumer &						
Commercial Clients	**684**	1,290	868	**407**	192	117
Of which:						
• *Netherlands*	***243***	*224*	*445*	***16***	*108*	*15*
• *North America*	***282***	*882*	*269*	***111***	*36*	*42*
• *Brazil*	***118***	*99*	*66*	***11***	*2*	*11*
• *New Growth Markets*	***31***	*74*	*76*	***266***	*40*	*45*
• *Bouwfonds*	***10***	*11*	*12*	***3***	*6*	*4*
Wholesale Clients	**262**	166	320	**163**	66	139
Private Clients	**50**	53	49	**16**	2	4
Asset Management	**8**	6	0	**39**	4	1
Group Functions	**13**	11	5	**991**	(4)	103
	1,017	1,526	1,242	**1,616**	260	364
LeasePlan Corporation	**29**	37	50	**4**	9	5
Total	**1,046**	1,563	1,292	**1,620**	269	369

42 Managing Board and Supervisory Board

Remuneration policy

The current compensation policy for the Managing Board was introduced in 2001. The main objective is to ensure that ABN AMRO is able to attract, retain and motivate its Top Executive Group. To achieve this, Managing Board remuneration has several elements which, as a package, make it comparable with the remuneration offered by relevant peers in the market.

The compensation package for the Managing Board has the following elements:
- Base salary
- Performance bonus
- Long-term incentives – Share Option Plan and Performance Share Plan.

In addition there are a number of defined benefits.

Base salary

A common base salary applies to all Managing Board members except the Chairman, to whom a 40% differential applies. In addition to the base salary, the non-Dutch Board member receives a market competitive allowance. Salaries are reviewed annually with adjustments taking effect from 1 January. Managing Board base salaries were not adjusted in 2004 and have remained at the same level since 2001. The gross annual base salary in 2004 was EUR 635,292 for the Managing Board Members and EUR 889,410 for the Chairman.

Performance bonus

The annual performance bonus for Managing Board members is based upon ABN AMRO's quantitative and qualitative performance objectives at both the corporate and SBU level. The objectives are set annually by the Nomination & Compensation Committee and endorsed by the Supervisory Board. Bonuses for the Chairman, the CFO and – as of 2004 – the COO are based on delivery against these corporate performance objectives. With effect from 2004, the bonus for board members responsible for an SBU is based for 75% on Group performance and 25% on SBU performance.

In 2004 objectives such as Economic Profit, cost income ratio and tier 1 ratio were used to measure quantitative corporate and SBU performance. In addition qualitative objectives are set such as increasing customer satisfaction and reaching strategic milestones. Specific annual performance targets are not disclosed as they are considered competitively sensitive.

If the quantitative performance objectives are fully met, bonuses will range between 60% and 75% of base salary, with upper limits of 100% for outstanding performance and an absolute maximum of 125%. The Nomination & Compensation Committee may, on the basis of their assessment of a Managing Board member's individual performance against qualitative performance objectives, adjust the bonus outcome upwards or downwards within a range of plus or minus 20% of base salary. The 2004 performance bonuses for Managing Board members have been set on this basis. The individual bonus awards are shown in the table on page 152. The average actual bonus with respect to 2004 was just under 91% of base salary (2003: just under 90%).

ABN AMRO Share Investments and Matching Plan

In 2004 Shareholders' approval was obtained to encourage executive share ownership. Under this plan, the Board members may defer part of their bonus (up to 25% of base salary) into ABN AMRO Holding N.V. shares, on the understanding that when they remain in service for a further three years they will receive a matching award of one ABN AMRO share for each one they acquired via their bonus three years earlier. The deferred shares, together with the built-up dividends, will be released three years after deferral. The matching shares must be held for at least five years from vesting, with the possibility of selling some of the shares to settle the tax obligation.

Share options

Share options have been an integral part of ABN AMRO Top Executives' compensation for several years. In 2004 shareholders approved the Supervisory Board's proposal to adjust the performance criteria and retesting possibility for the options granted to the Managing Board. The 2002 and 2003 option grants were subject to meeting two Performance Conditions linked to Return on Equity (ROE) and Economic Profit growth. In addition there was the opportunity to re-apply the performance test over three future years after the three-year performance cycle.

For the 2004 options it was proposed to shareholders to link the Performance Condition to ROE only, and to abandon the opportunity to re-apply the test. The shareholders approved this proposal. Also, given the desire to maintain alignment between the Managing Board and other participants in the ABN AMRO Stock Option Plan, the Managing Board has decided to continue to apply its own performance conditions to the other participants – Top Executives and key employees – as well.

The single performance condition for the options granted in 2004 is that ROE in accordance with the International Financial Reporting Standards (IFRS) must be equal to, or greater than, 15% in the financial year 2006. This means that if this condition is not met over the initial three-year performance period, the options will lapse.

The five Managing Board members received 90,000 conditional options each and the Chairman of the Managing Board 126,000 options. The other 294 Top Executives received 6.2 million share options and 4,390 key employees received 7.7 million share options under the ABN AMRO Stock Option Plans.

The five-year options granted in 1999 with an exercise price of EUR 18.10 expired in 2004. In 2005 no options will expire, as the options as granted in 2000 were seven-year options expiring in 2007.

Performance Share Plan

The Performance Share Plan was introduced in 2001 and forms an important though stretching part of the Managing Board's reward package. SEVPs are also eligible for a yearly grant under this plan.

In 2004 Managing Board members received a conditional award of 50,000 shares and the Chairman 70,000 shares. The number of shares awarded will be based on the bank's performance during the four-year performance period, defined as the year of grant and three subsequent years. For the purpose of this plan, the bank's performance is measured in terms of the TRS generated by the bank relative to the TRS generated by the peer group of 20 financial institutions. A second condition is that the recipient is still in service with the Group at the end of the performance period.

The 2004 conditional share award is subject to the same vesting schedule as in previous years. The full award will be paid if the TRS generated by the bank in the fourth year of the performance period is fifth out of 21 relative to the peer group. There will be a sliding scale ranging from no award if the bank is lower than tenth to 150% of the conditional award if the bank has progressed to the very top of the TRS rankings.

The four-year performance cycle for the conditional shares as awarded in 2001 came to a close at the end of the 2004, and ABN AMRO's position in the peer group was 11th. This means that the conditional share award made in 2001 will not result in any share grant, as the vesting scheme only starts paying out if the position reached is tenth or higher.

Pension

The Managing Board members participate in a pension scheme which combines defined contribution with certain guarantees. Contributions are made by the employer. The normal retirement age is 62. The ABN AMRO Pension Fund manages the pension plan.

From 1 November 2003, pension accrual is based on the 2000 pension scheme without any additional entitlements based on guarantees from earlier arrangements. The Managing Board's pensionable salary is 100% of annual base salary.

Specific benefits

The Managing Board's compensation package also includes:

- the use of a company lease car with driver
- reimbursement of the cost of adequate security measures for their main private residence
- a 24-hour personal accident insurance policy with a fixed covered amount of EUR 1.8 million for members and EUR 2.5 million for the Chairman
- contributions towards private health insurance, according to the policies applicable to all other ABN AMRO employees in the Netherlands
- preferential rates on bank products such as mortgages and loans, according to the same policies which apply to all other ABN AMRO staff in the Netherlands.

The existing representation allowance of EUR 4,084 net for Managing Board members and EUR 5,445 net for the Chairman to cover non-reimbursable expenses was abolished in 2004.

The following table summarises total reward, ABN AMRO options and shares and outstanding loans of the members of the Managing Board and Supervisory Board.

(in thousands of euros)	Managing Board		Supervisory Board	
	2004	2003	**2004**	2003
Periodic payments	**4,558**	4,581	**767**	717
Profit-sharing and bonus payments	**3,680**	3,625	**0**	0
Future benefits	**1,148**	1,201	**0**	0
ABN AMRO staff options (conditional, granted options) 1	**576,000**	608,000	**0**	0
ABN AMRO shares (conditional, granted) 1	**320,000**	448,000	**0**	0
ABN AMRO staff options (outstanding) 1	**2,382,251**	2,003,675	**0**	0
ABN AMRO shares (cumulative conditionally granted, outstanding) 1	**1,216,000**	1,344,000	**0**	0
ABN AMRO shares (owned) 1	**72,668**	61,189	**27,173**	18,209
Loans (outstanding)	**9,362**	9,206	**2,285**	2,285

1 *Number of shares / options*

The following tables summarise salaries, other periodic rewards and bonuses of individual Managing Board members.

(in thousands of euros)	2004				2003			
	Base salary	1 Other periodic payment	Bonus	Pension costs 2	Base salary	1 Other periodic payment	Bonus	Pension costs 2
R.W.J. Groenink	**889**	**4**	**805**	**225**	889	9	845	224
W.G. Jiskoot	**635**	**3**	**575**	**158**	635	7	550	155
T. de Swaan	**635**	**13**	**575**	**181**	635	18	575	260
J.Ch.L. Kuiper	**635**	**15**	**575**	**228**	635	19	600	229
C.H.A. Collee	**635**	**3**	**575**	**140**	635	6	505	140
H.Y. Scott-Barrett	**635**	**454**	**575**	**216**	635	458	550	193

1 *Other periodic payments comprise contributions towards private health insurance and foreigner allowance. Mr Scott-Barrett received a foreigner allowance of EUR 454 in 2004 and 2003*

2 *Pension costs exclusively comprise pension service cost and post-retirement service cost computed on the basis of the FAS 87 and FAS 106 standards*

The following tables reflect movements in option holdings of the Managing Board as a whole and of individual Board members. The conditions governing the grant of options are included in note 16.

	2004		2003	
	Options held by Managing Board	Average exercise price (in euros)	Options held by Managing Board	Average exercise price (in euros)
Movements:				
Opening balance	**2,003,675**	**18.76**	1,476,533	20.66
Options granted	**576,000**	**18.86**	608,000	14.45
Options exercised / cancelled	**197,424**	**18.13**	80,858	21.04
Closing balance	**2,382,251**	**18.84**	2,003,675	18.76

	Opening balance	Exercise price (in euros)	Granted [1]	Exercised/ cancelled	Closing balance	Stock price on exercise date	Year of expiration
R.W.J. Groenink							
Executive 1999	40,000	18.10		40,000		18.47	
Executive 2000	60,000	21.30			60,000		2007
Executive 2001	55,000	23.14			55,000		2008
Executive 2002 [2,3]	112,000	19.53			112,000		2012
Executive 2003 [2]	133,000	14.45			133,000		2013
Executive 2004 [2]		18.86	126,000		126,000		2014
AOR 1999	356	21.68		356	0		
AOR 2000	354	22.23			354		2005
AOR 2001	271	22.34			271		2008
AOR 2002	296	20.42			296		2009
	401,277		126,000	40,356	486,921		
W.G. Jiskoot							
Executive 1999	40,000	18.10		40,000	0	18.59	
Executive 2000	60,000	21.30			60,000		2007
Executive 2001	55,000	23.14			55,000		2008
Executive 2002 [2,3]	80,000	19.53			80,000		2012
Executive 2003 [2]	95,000	14.45			95,000		2013
Executive 2004 [2]		18.86	90,000		90,000		2014
AOR 1999	356	21.68		356	0		
AOR 2000	354	22.23			354		2005
AOR 2001	271	22.34			271		2008
AOR 2002	296	20.42			296		2009
	331,277		90,000	40,356	380,921		

1 *The exercise price of the options granted is the average ABN AMRO share price on 13 February 2004*
2 *Conditionally granted*
3 *Vested on 25 February 2005*

	Opening balance	Exercise price (in euros)	Granted 1	Exercised/ cancelled	Closing balance	Stock price on exercise date	Year of expiration
T. de Swaan							
Executive 1999	40,000	18.10		40,000	0	18.59	
Executive 2000	60,000	21.30			60,000		2007
Executive 2001	55,000	23.14			55,000		2008
Executive 2002 2,3	80,000	19.53			80,000		2012
Executive 2003 2	95,000	14.45			95,000		2013
Executive 2004 2		18.86	90,000		90,000		2014
AOR 1999	356	21.68		356	0		
AOR 2000	354	22.23			354		2005
AOR 2001	271	22.34			271		2008
AOR 2002	296	20.42			296		2009
	331,277		90,000	40,356	380,921		
J.Ch.L. Kuiper							
Executive 1999	28,000	18.10		28,000	0	18.59	
Executive 2000	60,000	21.30			60,000		2007
Executive 2001	55,000	23.14			55,000		2008
Executive 2002 2,3	80,000	19.53			80,000		2012
Executive 2003 2	95,000	14.45			95,000		2013
Executive 2004 2		18.86	90,000		90,000		2014
AOR 2001	271	22.34			271		2008
AOR 2002	296	20.42			296		2009
	318,567		90,000	28,000	380,567		
C.H.A. Collee							
Executive 1999	28,000	18.10		28,000	0	18.57	
Executive 2000	56,000	21.30			56,000		2007
Executive 2001	55,000	23.14			55,000		2008
Executive 2002 2,3	80,000	19.53			80,000		2012
Executive 2003 2	95,000	14.45			95,000		2013
Executive 2004 2		18.86	90,000		90,000		2014
AOR 1999	356	21.68		356	0		
AOR 2000	354	22.23			354		2005
AOR 2001	271	22.34			271		2008
AOR 2002	296	20.42			296		2009
	315,277		90,000	28,356	376,921		
H.Y. Scott-Barrett							
Executive 1999	20,000	18.10		20,000	0	18.63	
Executive 2000	56,000	21.30			56,000		2007
Executive 2001	55,000	23.14			55,000		2008
Executive 2002 2,3	80,000	19.53			80,000		2012
Executive 2003 2	95,000	14.45			95,000		2013
Executive 2004 2		18.86	90,000		90,000		2014
	306,000		90,000	20,000	376,000		

1 *The exercise price of the options granted is the average ABN AMRO share price on 13 February 2004*
2 *Conditionally granted*
3 *Vested on 25 February 2005*

The following table shows movements in shares awarded conditionally in 2004 under the Performance Share Plan. The conditional award is based on the bank ranking fifth in the peer group. The number of shares awarded depends on the ranking of the ABN AMRO share in the peer group at the end of the four-year performance period and may range from 0% to 150% of these numbers.

	Opening balance	Granted	Un-conditional	Expired/ cancelled	Closing balance	Reference period
R.W.J. Groenink	98,000			98,000	0	2001-2004
	98,000				98,000	2002-2005
	98,000				98,000	2003-2006
		70,000			70,000	2004-2007
W.G. Jiskoot	70,000			70,000	0	2001-2004
	70,000				70,000	2002-2005
	70,000				70,000	2003-2006
		50,000			50,000	2004-2007
T. de Swaan	70,000			70,000	0	2001-2004
	70,000				70,000	2002-2005
	70,000				70,000	2003-2006
		50,000			50,000	2004-2007
J.Ch.L. Kuiper	70,000			70,000	0	2001-2004
	70,000				70,000	2002-2005
	70,000				70,000	2003-2006
		50,000			50,000	2004-2007
C.H.A. Collee	70,000			70,000	0	2001-2004
	70,000				70,000	2002-2005
	70,000				70,000	2003-2006
		50,000			50,000	2004-2007
H.Y. Scott-Barrett	70,000			70,000	0	2001-2004
	70,000				70,000	2002-2005
	70,000				70,000	2003-2006
		50,000			50,000	2004-2007

ABN AMRO ordinary shares held by Managing Board members [1]

	2004	2003
R.W.J. Groenink	**18,334**	16,561
W.G. Jiskoot	**19,730**	18,602
T. de Swaan	**6,850**	6,458
J.Ch.L. Kuiper	**7,973**	2,803
C.H.A. Collee	**697**	657
H.Y. Scott-Barrett	**19,084**	16,108
Total	**72,668**	61,189

1 *No (formerly convertible) preference shares were held by any Managing Board member*

Loans from ABN AMRO to Managing Board members

(in thousands of euros)	2004		2003	
	Outstanding on 31 Dec.	Interest rate	Outstanding on 31 Dec.	Interest rate
R.W.J. Groenink	**2,985**	**3.63**	3,071	3.55
W.G. Jiskoot	**1,674**	**3.94**	1,681	4.14
T. de Swaan	**1,407**	**2.25** [1]	1,407	2.35 [1]
J.Ch.L. Kuiper	**655**	**3.87**	655	3.87
C.H.A. Collee [2]	**2,641**	**3.29**	2,392	3.03

1 *Variable rate*
2 *Redemption 2004 EUR 12*

The decrease in outstandings between 31 December 2003 and 31 December 2004 is caused by redemptions.

The table on the next page provides information on the remuneration of individual members of the Supervisory Board. The members of the Supervisory Board receive an equal remuneration of EUR 40,000 per annum. For the Vice Chairman this remuneration is EUR 45,000 and for the Chairman EUR 55,000 per annum. For the membership of the Audit Committee and the Nomination & Compensation Committee an additional allowance applies, which is EUR 7,500 per membership on an annual basis. In addition to this remuneration every member also receives a general expenses allowance of EUR 1,500. This allowance is EUR 2,000 for the Vice Chairman and the Chairman. For members of the Committees mentioned above an additional expenses allowance of EUR 500 is applicable. Furthermore there is a general allowance for the Supervisory Board members who do not live in The Netherlands which is EUR 5,000 per Supervisory Board meeting that such a member attends. All amounts are based on a full year, but the actual payment depends on the period of membership during the year. Members of the Supervisory Board are not entitled to emoluments in the form of ABN AMRO shares or options on ABN AMRO shares.

Remuneration of the Supervisory Board

(in thousands of euros)	**2004**	2003
A.A. Loudon	**63**	70
M.C. van Veen	**60**	60
W. Dik	**48**	45
A. Burgmans	**48**	48
D.R.J. Baron de Rothschild 1	**40**	40
Mrs L.S. Groenman	**40**	40
Mrs T.A. Maas-de Brouwer	**48**	48
A.C. Martinez 1	**48**	45
M.V. Pratini de Moraes 1	**40**	27
P. Scaroni 1	**40**	27
Lord Sharman of Redlynch 1	**48**	32
A.A. Olijslager	**27**	–
P.J. Kalff 2	**–**	40
W. Overmars 3	**–**	16
C.H. van der Hoeven 3	**–**	15

1 *Excluding an attendance fee*
2 *Mr Kalff resigned on 30 October 2003*
3 *Messrs Overmars and Van der Hoeven resigned on 29 April 2003*

ABN AMRO ordinary shares held by Supervisory Board members 1

	2004	2003
A.A. Loudon	**5,147**	–
M.C. van Veen	**1,256**	1,184
A. Burgmans	**9,165**	8,641
A.C. Martinez 2	**3,000**	3,000
M.V. Pratini de Moraes 2	**5,384**	5,384
A.A. Olijslager	**3,221**	–
Total	**27,173**	18,209

1 *No (formerly convertible) preference shares were held by any Supervisory Board member*
2 *ADRs*

Loans from ABN AMRO to Supervisory Board members

(in thousands of euros)	**2004**		2003	
	Outstanding on 31 Dec.	Interest rate	Outstanding on 31 Dec.	Interest rate
W. Dik	**185**	**3.70**	185	3.70
A. Burgmans	**2,100**	**3.60**	2,100	3.60

Top Executive Compensation 2004

The reward package for ABN AMRO's SEVPs, the second level of Top Executives, was also introduced in 2001 and – as with the Managing Board – was primarily aimed at maximising total returns to our shareholders.

The compensation for ABN AMRO SEVPs consists of the following core elements:
• Base salary. The base salaries are benchmarked against the relevant local markets. The current median base salary is EUR 381,000
• Performance bonus. The annual performance bonus is linked to the respective markets within the various countries where we operate. The median bonus amount paid with respect to the 2004 performance year was EUR 625,000. Bonuses for individual SEVPs vary widely, again reflecting market and location. No absolute maximum level of bonus has been defined for SEVPs
• Long-term incentives such as stock options and the Performance Share Plan. Long-term incentives are set at a lower level than the applicable yearly grants to Managing Board members under the Top Executive Stock Option and Performance Share Plan. All SEVPs receive identical grants.

In addition, a number of benefits apply linked to the respective markets and countries of residence.

43 Cash flow statement

The cash flow statement, based on the indirect method, gives details of the source of liquid funds which became available during the year and the application of the liquid funds over the course of the year. The cash flows are analysed into cash flows from operations / banking activities, investment activities and financing activities. Liquid funds include cash in hand, net credit balances on current accounts with other banks and net demand deposits with central banks. Movements in loans, total client accounts and interbank deposits are included in the cash flow from banking activities. Investment activities comprise purchases, sales and redemptions in respect of investment portfolios, as well as investments in and sales of participating interests, property and equipment. The issue of shares and the borrowing and repayment of long-term funds are treated as financing activities. Movements due to currency translation differences as well as the effects of the consolidation of acquisitions, where of material significance, are eliminated from the cash flow figures.

	2004	2003	2002
Cash	**17,794**	12,734	9,455
Bank balances (debit)	**3,949**	4,293	3,843
Bank balances (credit)	**(13,248)**	(8,134)	(5,797)
Liquid funds	**8,495**	8,893	7,501
Movements:			
Opening balance	**8,893**	7,501	13,653
Cash flow	**(1,001)**	1,691	(4,366)
Currency translation differences	**603**	(299)	(1,786)
Closing balance	**8,495**	8,893	7,501

Interest paid amounted to EUR 14,595 million; tax payments amounted to EUR 511 million.

Dividends received from participating interests amounted to EUR 66 million in 2004, EUR 30 million in 2003 and EUR 42 million in 2002.

The following table analyses movements resulting from acquisitions and dispositions.

	2004	2003	2002
Amounts paid / received in cash and cash equivalents on acquisitions / dispositions	**(2,446)**	913	205
Net movement in cash and cash equivalents	**(88)**	267	6
Net movement in assets and liabilities:			
Banks	**(454)**	130	105
Loans	**(12,435)**	1,905	420
Securities	**(342)**	781	70
Other assets	**(1,201)**	407	21
Total assets	**(14,432)**	3,223	616
Banks	**(8,229)**	1,050	81
Saving accounts	**(2,005)**	313	–
Total client accounts	**(1,277)**	1,581	469
Debt securities	**(1,454)**	10	–
Subordinated debt	**(40)**	–	–
Other liabilities	**(1,484)**	462	49
Total liabilities	**(14,489)**	3,416	599

44 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in transactions between two parties, other than in a forced sale or liquidation, and is best reflected by a quoted market price, if available. Most of ABN AMRO's assets, liabilities and off-balance sheet items are financial instruments. Wherever possible, market rates have been used to determine fair values.

However, for the majority of financial instruments, principally loans, deposits and OTC derivatives, fair values are not readily available since there is no market where these instruments are traded. For these instruments estimation techniques have been used. These methods are subjective in nature and involve assumptions, such as the period the financial instruments will be held, the timing of future cash flows and the discount rate to be applied. As a result, the approximate fair values presented below may not be indicative of the net realisable value. In addition, the calculation of approximate fair values is based on market conditions at a specific time and may not reflect future fair values.

The approximate fair values as stated by financial institutions are not mutually comparable due to the wide range of different valuation techniques and the numerous estimates. The lack of an objective valuation method means that approximate fair values are highly subjective. Readers should therefore exercise caution in using the information disclosed in this note for comparing the consolidated financial position of ABN AMRO with that of other financial institutions.

	31 December 2004		31 December 2003	
	Book value	Fair value	Book value	Fair value
***Assets** (incl. off-balance sheet items)*				
• Cash	**17,794**	**17,794**	12,734	12,734
• Short-dated government paper 1,2	**16,578**	**16,565**	9,240	9,259
• Banks	**83,710**	**83,696**	58,800	59,050
• Loans to public sector	**5,967**	**5,967**	5,489	5,494
• Loans to private sector – commercial loans and professional securities transactions	**184,272**	**185,011**	184,214	184,659
• Loans to private sector – retail	**108,812**	**113,783**	107,140	110,635
• Interest-earning securities 1,3	**134,724**	**137,056**	133,363	135,092
• Shares 4	**25,852**	**26,085**	16,245	16,131
• Derivatives	**97,512**	**98,054**	88,702	89,504
Total	**675,221**	**684,011**	615,927	622,558
***Liabilities** (incl. off-balance sheet items)*				
• Banks	**132,732**	**132,819**	110,887	111,078
• Savings accounts	**74,256**	**75,144**	73,238	73,630
• Corporate deposits	**79,482**	**79,482**	81,636	81,779
• Other client accounts	**139,819**	**139,818**	134,992	135,099
• Debt securities	**82,926**	**84,642**	71,688	71,797
• Subordinated debt	**12,639**	**13,286**	13,900	14,555
• Derivatives	**92,959**	**93,460**	74,277	74,619
Total	**614,813**	**618,651**	560,618	562,557

1 *Book values of short-dated government paper and interest-earning securities are equal to amortised cost*
2 *Of which EUR 11,080 million was included in the trading portfolio at 31 December 2004*
3 *Of which EUR 40,831 million was included in the trading portfolio at 31 December 2004*
4 *Of which EUR 18,580 million was included in the trading portfolio at 31 December 2004*

45 Acquisitions

In January 2004, the acquisition of Bethmann Maffei was successfully completed. The seller of the company was Hypovereinsbank. Total assets under management of Bethmann Maffei amounted to EUR 4.8 million at the date of acquisition. The private bank was subsequently merged with Delbrück & Co, which was acquired in December 2002. An amount of EUR 42 million of goodwill was paid on a total purchase of EUR 110 million. Goodwill paid has been charged directly to shareholders' equity.

Company balance sheet at 31 December 2004 after profit appropriation

(in millions of euros)	**2004**	2003
Assets		
Banks **a**	–	437
Interest-earning securities **b**	**10**	20
Participating interests in group companies **c**	**15,232**	12,656
Prepayments and accrued income **e**	**0**	8
	15,242	13,121
Liabilities		
Banks **a**	**240**	0
Deposits and other client accounts	**20**	21
Other liabilities **d**	**10**	53
Accruals and deferred income **e**	**0**	0
	270	74
Share capital	***1,721***	*1,732*
Share premium account	***2,565***	*2,549*
Revaluation reserves	***204***	*283*
Reserves prescribed by law and articles of association	***280***	*280*
Other reserves	***10,202***	*8,203*
Shareholders' equity	**14,972**	13,047
Own capital	**14,972**	13,047
	15,242	13,121

Company income statement for 2004

(in millions of euros)	**2004**	2003	2002
Profits of participating interests after taxes	**4,107**	3,159	2,199
Other profit after taxes	**2**	2	8
Net profit	**4,109**	3,161	2,207

Drawn up in accordance with section 2:402 of the Netherlands Civil Code
Letters stated against items refer to the notes

Notes to the company balance sheet and income statement

(all amounts are in millions of euros)

a Banks

This item includes call loans to and other interbank relations with Group companies.

b Interest-earning securities

The amount included in this item represents securitised receivables, such as commercial paper.

c Participating interests in group companies

Dividends payable by ABN AMRO Bank N.V to ABN AMRO Holding N.V. amounted to EUR 1,751 million (2003: EUR 677 million). Dividends received by ABN AMRO Bank N.V. from subsidiaries amounted to EUR 657 million (2003: EUR 335 million).

	2004	2003	2002
Development:			
Opening balance	**12,656**	10,665	11,817
Movements (net)	**2,576**	1,991	(1,152)
Closing balance	**15,232**	12,656	10,665

d Other liabilities

This item includes those amounts which are not of an accrued or deferred nature or which cannot be classified with any other balance sheet item. This concerns, for example, interest receivable.

e Prepayments and accrued income and accruals and deferred income

These items include revenue and expenses recognised in the period under review, the actual receipt or payment of which falls in a different period.

f Share capital and reserves

For details refer to note 16.

g Guarantees

ABN AMRO Holding N.V. guarantees all liabilities of ABN AMRO Bank N.V.

Amsterdam, 17 March 2005

Supervisory Board
A.A. Loudon
M.C. van Veen
W. Dik
A. Burgmans
D.R.J. Baron de Rothschild
Mrs L.S. Groenman
Mrs T.A. Maas-de Brouwer
A.C. Martinez
M.V. Pratini de Moraes
P. Scaroni
Lord Sharman of Redlynch
A.A. Olijslager

Managing Board
R.W.J. Groenink
W.G. Jiskoot
T. de Swaan
J.Ch.L. Kuiper
C.H.A. Collee
H.Y. Scott-Barrett

Major subsidiaries and participating interests

(Unless otherwise stated, the bank's interest is 100% or almost 100%, on 17 March 2005. Those major subsidiaries and participating interests that are not 100% consolidated but are accounted for under the equity method (a) or proportionally consolidated (b) are indicated separately).

ABN AMRO Bank N.V., Amsterdam

Netherlands

AAGUS Financial Services Group N.V., Amersfoort (67%)
AA Interfinance B.V., Amsterdam
ABN AMRO Assurantie Holding B.V., Zwolle
ABN AMRO Bouwfonds Nederlandse Gemeenten N.V., Hoevelaken (per April 1, 2005 voting right 100%)
ABN AMRO Effecten Compagnie B.V., Amsterdam
ABN AMRO Mellon Global Securities B.V., Amsterdam (50%)(b)
ABN AMRO Participaties B.V., Amsterdam
ABN AMRO Projectontwikkeling B.V., Amsterdam
ABN AMRO Trustcompany (Nederland) B.V., Amsterdam
ABN AMRO Ventures B.V., Amsterdam
Amstel Lease Maatschappij N.V., Utrecht
Delta Lloyd ABN AMRO Verzekeringen Holding B.V., Zwolle (49%)(a)
Dishcovery Horeca Expl. Mij B.V., Amsterdam
Hollandsche Bank-Unie N.V., Rotterdam
IFN Group B.V., Rotterdam
Nachenius, Tjeenk & Co. N.V., Amsterdam
Solveon Incasso B.V., Utrecht
Stater N.V., Hoevelaken
(60% ABN AMRO Bank N.V., 40% ABN AMRO Bouwfonds Nederlandse Gemeenten N.V.)

Outside the Netherlands

Europe

ABN AMRO Asset Management Ltd., London
ABN AMRO Asset Management (Czech) a.s., Brno
ABN AMRO Asset Management (Deutschland) A.G., Frankfurt am Main
ABN AMRO Bank A.O., Moscow
ABN AMRO Bank (Deutschland) A.G., Frankfurt am Main
ABN AMRO Bank (Luxembourg) S.A., Luxembourg
ABN AMRO Trust Company (Luxembourg) S.A., Luxembourg
ABN AMRO Bank (Polska) S.A., Warsaw
ABN AMRO Bank (Romania) S.A., Bucharest
ABN AMRO Bank (Schweiz) A.G., Zurich
ABN AMRO Capital Ltd., London
ABN AMRO Corporate Finance Ltd., London
ABN AMRO Equities (UK) Ltd., London
ABN AMRO France S.A., Paris
Banque de Neuflize, Paris
Banque Odier Bungener Courvoisier, Paris
ABN AMRO Futures Ltd., London
ABN AMRO International Financial Services Company, Dublin
ABN AMRO Investment Funds S.A., Luxembourg
ABN AMRO Stockbrokers (Ireland) Ltd., Dublin
ABN AMRO Trust Company (Jersey) Ltd., St. Helier
ABN AMRO Trust Company (Suisse) S.A., Geneva
Alfred Berg Holding A/B, Stockholm
Alfred Berg Asset Management Holding AB, Stockholm
Antonveneta ABN AMRO Societa di Gestione del Risparmio SpA, Milan (45%) (a)
Artemis Investment Management Ltd., Edinburgh (58%)
Aspis Internationaal MFMC, Athens
Banca Antonveneta SpA, Padova (13%) (a)
Capitalia SpA, Roma (9%)(a)
CM Capital Markets Holding S.A., Madrid (45%) (a)
Delbrück Bethmann Maffei A.G., Frankfurt am Main
Hoare Govett Ltd., London
Kereskedelmi és Hitelbank Rt., Budapest (40%) (a)

Middle East

Saudi Hollandi Bank, Riyadh (40%) (a)

Rest of Asia

ABN AMRO Asia Ltd., Hong Kong
ABN AMRO Asia Corporate Finance Ltd., Hong Kong
ABN AMRO Asia Futures Ltd., Hong Kong
ABN AMRO Asset Management (Asia) Ltd., Hong Kong
ABN AMRO Asset Management (Japan) Ltd., Tokyo
ABN AMRO Asset Management (India) Ltd., Mumbai (75%)
ABN AMRO Asset Management (Taiwan) Ltd., Taipeh
ABN AMRO Bank Berhad, Kuala Lumpur
ABN AMRO Bank (Kazakhstan) Ltd, Almaty (80%)

ABN AMRO Bank N.B., Uzbekistan A.O., Tashkent (58%)
ABN AMRO Bank (Philippines) Inc., Manilla
ABN AMRO Central Enterprise Services Private Ltd., Mumbai
ABN AMRO Management Services (Hong Kong) Ltd., Hong Kong
ABN AMRO Securities (India) Private Ltd., Mumbai (75%)
ABN AMRO Securities (Japan) Ltd., Tokyo
PT ABN AMRO Finance Indonesia, Jakarta (70%)
PT ABN AMRO Manajemen Investasi Indonesia, Jakarta (85%)

Australia

ABN AMRO Asset Management (Australia) Ltd., Sydney
ABN AMRO Australia Ltd., Sydney
ABN AMRO Asset Securitisation Australia Pty Ltd., Sydney
ABN AMRO Corporate Finance Australia Ltd., Sydney
ABN AMRO Equities Australia Ltd., Sydney
ABN AMRO Securities Australia Ltd., Sydney
ABN AMRO Equities Capital Markets Australia Ltd., Sydney

New Zealand

ABN AMRO New Zealand Ltd., Auckland

North America

ABN AMRO Asset Management Canada Ltd, Toronto
ABN AMRO Bank (Mexico) S.A., Mexico City
ABN AMRO North America Holding Company, Chicago (holding company, voting right 100%, equity participation 91%)
LaSalle Bank Corporation, Chicago
LaSalle Bank N.A., Chicago
ABN AMRO Financial Services, Inc., Chicago
ABN AMRO Asset Management (USA) LLC, Chicago
LaSalle Business Credit, Inc., Chicago
Standard Federal Bank N.A., Troy
ABN AMRO Mortgage Group, Inc., Chicago
ABN AMRO WCS Holding Company, New York
ABN AMRO Advisory, Inc., Chicago (81%)
ABN AMRO Commodity Finance, Inc., Chicago
ABN AMRO Capital (USA) Inc., Chicago
ABN AMRO Incorporated, Chicago
ABN AMRO Sage Corporation, Chicago
ABN AMRO Rothschild LLC, New York (50%) (b)
ABN AMRO Leasing, Inc., Chicago
ABN AMRO Asset Management Holdings, Inc., Chicago
ABN AMRO Asset Management Inc., Chicago
Montag & Caldwell, Inc., Atlanta

Latin America and the Caribbean

ABN AMRO Asset Management Argentina Sociedad Gerente de FCI S.A., Buenos Aires
ABN AMRO Asset Management (Curaçao) N.V., Willemstad
ABN AMRO Bank (Chile) S.A., Santiago de Chile
ABN AMRO Bank (Colombia) S.A., Bogota
ABN AMRO (Chile) Seguros Generales S.A., Santiago de Chile
ABN AMRO (Chile) Seguros de Vida S.A., Santiago de Chile
ABN AMRO Trust Caribbean Holding N.V., Willemstad
ABN AMRO Securities Holding S.A. Sao Paulo
ABN AMRO Brasil Participaçôes Financeiras S.A., Sao Paulo
ABN AMRO Brasil Dois Participaçôes Sao Paulo
Banco ABN AMRO Real S.A., Sao Paulo (86%)
Banco Sudameris Brasil S.A., Sao Paulo (81%)
Banco de Pernambuco S.A., Recife
Sudameris Vida e Previdencia S.A., Sao Paulo
Real Seguros S.A., Sao Paulo
ABN AMRO Asset Management Ltda., Sao Paulo
Real Paraguaya de Seguros S.A., Asunción
Real Uruguaya de Seguros S.A., Montevideo

For the investments of ABN AMRO Bouwfonds Nederlandse Gemeenten N.V., the reader is referred to the separate annual report published by this company.

The list of participating interests under which statements of liability have been issued has been filed at the Amsterdam Chamber of Commerce.

Other information

Auditors' report

Introduction

We have audited the financial statements of ABN AMRO Holding N.V., Amsterdam for the year 2004. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2004 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Amsterdam, 17 March 2005

Ernst & Young Accountants

Stipulations of the articles of association with respect to profit appropriation

Profit is appropriated in accordance with article 37 of the articles of association. The main stipulations with respect to classes and series of shares currently in issue are as follows:

1 The holders of preference financing shares convertible into ordinary shares ('preference shares') issued pursuant to the resolution passed by the extraordinary meeting of shareholders on 25 August 2004 will receive a dividend of EUR 0.02604 per share, representing 4.65% of the face value. As of 1 January 2011, and every ten years thereafter, the dividend percentage on these shares will be adjusted in line with the arithmetical average of the ten-year euro-denominated interest rate swap as published by Reuters on the dividend calculation dates thereof, plus an increment of no less than 25 basis points and no more than one hundred basis points (see article 37.2.a.1. and a.2.).

The holders of preference shares that were formerly convertible into ordinary shares ('convertible shares') will receive a dividend of EUR 0.95 per share, representing 3.3231% of the amount paid on each share as of 1 January 2004. As of 1 January 2014, the dividend on such shares will be adjusted in the manner described in the articles of association (article 37.2.a.4.).

No profit distributions will be made to holders of preference shares or convertible shares in excess of the maxima defined above (article 37.2.a.6.).

2 From the profit remaining after these distributions, such appropriations will be made to reserves as may be determined by the Managing Board with the approval of the Supervisory Board (article 37.2.b.).

3 The balance then remaining will be paid out as ordinary share dividend (article 37.2.c.).

Subject to approval of the Supervisory Board the Managing Board can make the dividend or interim dividend on the ordinary shares payable, at the shareholders' option, either in cash or entirely or partly in the form of ordinary or preference shares, provided it is authorised to issue shares (article 37.3.).

Stipulations of the articles of association of Holding and trust office with respect to shares and voting rights

Each ordinary share of EUR 0.56 face value in the capital of ABN AMRO Holding N.V. entitles the holder to cast one vote. The preference shares have the same nominal value as the ordinary shares, being EUR 0.56 each. Each preference share is entitled to one vote. The convertible shares in the capital have a face value of EUR 2.24 and are entitled to four votes. Subject to certain exceptions provided for by law or in the articles of association, resolutions are passed by an absolute majority of the votes cast.

All of the preference shares are held at the trust office Stichting Administratiekantoor Preferente Financieringsaandelen ABN AMRO (the 'Trust Office'), as record owner, which issues depositary receipts evidencing ownership interests in preference shares to the beneficial owners thereof.

Contrary to the former structure, the voting rights on the preference shares, although formally with the Trust Office, are exercised in practice by the depositary receipt holders, as voting proxies will be issued to the depositary receipt holders by the Trust Office under all circumstances. The Trust Office will, in principle, not exercise its voting rights. Their voting rights will be calculated on the basis of the equity participation of the (depositary receipts of) preference shares in proportion to the value of the ordinary shares. Voting rights on preference shares granted to a depositary receipt holder by proxy will correspond to the amount of depositary receipts held by the depositary receipt holder in relation to the stock price of the ordinary shares at the close of the last trading day of the Euronext Amsterdam in the month preceding the convocation of the shareholders' meeting.

Subject to certain exceptions, upon the issuance of ordinary shares and convertible shares, holders of ordinary shares have pre-emptive rights in proportion to their holdings.

In the event of the dissolution and liquidation of ABN AMRO Holding N.V., the assets remaining after payment of all debts are distributed (1) first, to the holders of preference shares and convertible shares on a pro rata basis, in an amount equal to all dividends accrued from the beginning of the most recent full financial year through the date of payment and then the face value of the preference shares or the amount paid in on the convertible shares respectively, and (2) second, to the holders of ordinary shares on a pro rata basis.

Proposed profit appropriation

Appropriation of net profit pursuant to article 37.2 and 37.3 of the articles of association

	2004	2003	2002
Dividends on preference shares	**43**	45	45
Dividends on convertible preference shares	**0**	0	1
Addition to reserves	**2,401**	1,572	745
Dividends on ordinary shares	**1,665**	1,544	1,416
	4,109	3,161	2,207

Subsequent events

On 9 March 2005 ABN AMRO reached an agreement to settle a class action litigation filed by purchasers of securities in WorldCom, Inc. in the US District Court for the Southern District of New York. Under the settlement ABN AMRO agreed to make a payment of USD 278 million to the settlement class, which includes those class members who purchased or otherwise acquired debt securities issued by WorldCom in connection with an offering in 2001. ABN AMRO is of the opinion that the financial impact of the above settlement is adequately included in the 2004 financial statements.

International Financial Reporting Standards

The financial statements for 2004 are the last prepared using the generally accepted accounting principles in the Netherlands (Dutch GAAP). Since 1 January 2005, ABN AMRO – along with all other EU listed companies – has been required to report using International Financial Reporting Standards (IFRS). During 2003 and 2004, the bank has invested significant time and effort in ensuring that we are in a position to continue to report within the same timetable as in previous years.

In many respects the change to IFRS has been a gradual process for Dutch organisations, due to the direct inclusion of many IFRS standards within Dutch GAAP. However, the main IFRS standard impacting banks ('IAS 39 – Financial Instruments') was not incorporated into Dutch GAAP. This standard, which extends the use of fair values, causes most of the differences. IAS 39 is the subject of continuing debate and may be revised in future years to better accommodate the risk management practices of large banks.

In order to provide shareholders with comparative data throughout 2005, the bank moved to IFRS on a dual reporting basis as from 1 January 2004. This data will be presented along with our quarterly press releases and forms the basis for comparatives in our 2005 Annual Report. Our transition to IFRS as from 1 January 2004 incorporates the impact of applying all IFRS statement to the bank's assets (such as loans and property), liabilities (such as pensions) and open contracts (such as derivatives and leases).

An overview and explanation of the impact of IFRS on our financial statements is included in our 20-F filing with the US Securities and Exchange Commission, which is available on our website: www.abnamro.com.

Summary of US corporate governance regulations based upon the Sarbanes-Oxley Act of 2002 ('SOXA')

Summary of applicable regulations	ABN AMRO action	Equivalent Dutch Best Practice Provisions *
1 Auditor independence		
Prohibition of Certain Non-audit Services (SOXA s201): The accounting firm that performs an audit of a company's financial statements is prohibited from performing certain non-audit services	This requirement has been incorporated into ABN AMRO's Policy on Auditor Independence (#)	III.5.4 and V.2.2
Pre-approval of Services (SOXA s201-202): Pre-approval by the Audit Committee of the performance by the auditor of all audit and permissible non-audit services	This requirement has been incorporated into ABN AMRO's Audit Committee Pre-Approval Policy for External Audit Firm Services (#)	V.1.2 and V.2.2
Accountant Fees and Related Policies Disclosure (SOXA s202): Disclosure to investors of the Audit Committee's pre-approval policies, and fees paid to, the auditor	These disclosures are made in ABN AMRO's Annual Report filed with the Securities and Exchange Commission on Form 20-F (the 'Form 20-F') for 2004 (#)	V.2.2 and V.2.3
Audit Partner Rotation (SOXA s203): The rotation of audit partners is required after a certain number of years	This requirement has been incorporated into ABN AMRO's Policy on Auditor Independence (#)	III.5.4, V.2.2 and V.2.3
Auditor Reports to the Audit Committee (SOXA s204): The auditor must provide the Audit Committee with timely reports regarding critical accounting policies and practices used by the company, alternative treatments of financial information discussed with management including the auditors preferred treatment and other material communications between the auditor and management	This requirement has been incorporated into ABN AMRO's Policy on Auditor Independence (#)	III.5.4, III.5.9, V.4.1, V.4.2 and V.4.3
Employment of Former Auditor Personnel (SOXA s206): An auditor is deemed not to be independent if certain senior executives of the company have been employed by the auditor and participated in the audit of the company in the year preceding the current audit	This restriction has been incorporated into ABN AMRO's Policy on Auditor Independence (#)	III.5.4, V.2.2 and V.2.3
Audit Partner Compensation (SOXA s203): Prohibition of an audit partner from receiving compensation based upon selling non-audit services to the audit client	This requirement has been incorporated into ABN AMRO's Policy on Auditor Independence (#)	III.5.4, V.2.2 and V.2.3

* *The full text of the equivalent Best Practice Provisions (and ABN AMRO's compliance in respect thereof) can be found in the Dutch Corporate Governance Supplement which has been made available on our corporate website (www.abnamro.com)*

(#) *The full text (or where applicable a synopsis) hereof can be found on ABN AMRO's corporate website (www.abnamro.com)*

Summary of applicable regulations	ABN AMRO action	Equivalent Dutch Best Practice Provisions *

2 Audit Committee

Summary of applicable regulations	ABN AMRO action	Equivalent Dutch Best Practice Provisions *
Auditor Oversight (SOXA s301): The Audit Committee must be given responsibility for the appointment, compensation, retention and oversight of the work of the auditor	This requirement has been incorporated into ABN AMRO's Rules Governing the Supervisory Board's Principles and Best Practices (#)	III.5.4, III.5.5, III.5.8 and III.5.9
Audit Committee Independence (SOXA s301): All Audit Committee members must be independent. To be independent, audit committee members may not (other than in their capacity as a board or committee member): i) accept any consulting, advisory or compensatory fees; or ii) be affiliated with the company or any of its subsidiaries	This requirement has been incorporated into ABN AMRO's Rules Governing the Supervisory Board's Principles and Best Practices (#)	III.2.2, III.5.1 and III.5.6
Whistleblower Procedures & Protections (SOXA s301; s806 and s1107): The Audit Committee must establish whistleblower procedures for: i) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and audit matters, and ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Companies are prohibited from discriminating against whistleblowers	The Managing Board and the Audit Committee of the Supervisory Board approved a general Whistle Blowing Policy (#) which provides appropriate procedures and protections for all employees to report suspected malpractice, including a direct reporting line to the Audit Committee	II.1.6
Audit Committee Engagement of Advisors and Payment of Expenses (SOXA s301): The Audit Committee must be given the authority to engage advisors as the committee determines necessary and the company must provide appropriate funding for their compensation	This requirement has been incorporated into ABN AMRO's Rules Governing the Supervisory Board's Principles and Best Practices (#)	III.1.9 and III.5.4
Audit Committee Financial Experts (SOXA s407): Companies must disclose whether the Audit Committee has at least one member who is an 'audit committee financial expert' and whether or not the particular person is independent	These disclosures are made in the Form 20-F	III.5.2 and III.5.7

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Summary of applicable regulations	ABN AMRO action	Equivalent Dutch Best Practice Provisions *

3 CEO / CFO Certifications

CEO/CFO 906 Certification (SOXA s906): The Form 20-F must be accompanied by a certification from the CEO and CFO that the report fully complies with reporting requirements and fairly represents, in all material respects, the company's financial position and results of operations	The s906 and s302 certifications are provided with the Form-20F	II.1.3, II.1.4, II.1.5, III.1.8 and V.1.3
CEO/CFO 302 Certification: The Form 20-F must be accompanied by a certification from the CEO and CFO that i) the financial information included in the Form 20-F fairly represents, in all material respects, the company's financial position, results of operations and cash flows; ii) that they are responsible for establishing and maintaining disclosure procedures and control, evaluated their effectiveness as of the end of the year and disclosed any change in the company's internal control over financial reporting that materially effects such internal control and iii) that they have disclosed all significant deficiencies and weaknesses in the design and operation of internal control over financial reporting as well as any related fraud on the part of management or other employees		

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(#) *The full text (or where applicable a synopsis) hereof can be found on ABN AMRO's corporate website (www.abnamro.com)*

Summary of applicable regulations	ABN AMRO action	Equivalent Dutch Best Practice Provisions *
4 General corporate governance		
Management Assessment of Internal Controls (SOXA s404): Companies must include in their Form 20-F a report on the company's internal control over financial reporting which includes management's assessment of the effectiveness of the company's internal control over financial reporting. The auditor gives an attestation report on management's assessment	ABN AMRO will provide a report on management's assessment of internal control over financial reporting and the auditor's attestation in the Form 20-F as of the Annual Report 2006	II.1.3, II.1.4, II.1.5, III.1.8, V.1.3 and V.4.3
Prohibition of Loans to Directors & Executive Officers (SOXA s402): Companies are prohibited from making loans to directors and executive officers, with exceptions for companies that provide financial services in the ordinary course of their business	ABN AMRO extends loans to directors and executive officers in accordance with the exception given to financial institutions	II.2.8 and III.7.4
Code of Ethics (SOXA s406): The company must disclose whether it has adopted a code of ethics for the Chief Executive Officer and Senior Financial Officers	The standards of ethical conduct ABN AMRO expects from its employees, including the CEO and senior financial officers, are found within ABN AMRO's Business Principles (#) which constitutes a 'code of ethics' for the purposes of SOXA	II.1.3

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ABN AMRO Holding N.V.

Supervisory Board

A.A. Loudon (68) * – 2006
Chairman
Former Chairman of the Board of Management of AKZO Nobel N.V.

M.C. van Veen (70) *#@ – 2005
Vice Chairman
Former Chairman of the Board of Koninklijke Hoogovens N.V.

W. Dik (66) #@ – 2005
Former Chairman of the Board of Management of Royal KPN N.V. Former State Secretary for Foreign Trade

A. Burgmans (58) * – 2006
Chairman of the Board of Unilever N.V.

D.R.J. Baron de Rothschild (62) – 2007
Senior partner Rothschild & Cie Banque, Chairman Rothschild Group (incl. NM Rothschild & Sons Ltd.)

Mrs L.S. Groenman (64) – 2007
Former Crown member Sociaal-Economische Raad (SER)

Mrs T.A. Maas-de Brouwer (58) * – 2008
Hay Group bv

A.C. Martinez (65) # – 2006
Former Chairman, President and Chief Executive Officer of Sears Roebuck & Co. Inc., Chicago

M.V. Pratini de Moraes (65) – 2007
Former Minister of Agriculture, Livestock and Food Supply, Brazil

P. Scaroni (58) – 2007
Chief Executive Officer of Enel S.p.A., Italy

Lord C.M. Sharman of Redlynch (62) # – 2007
Former Chairman of KPMG International, UK

A.A. Olijslager (61) – 2008
Former Chairman of the Board of Management of Friesland Coberco Dairy Foods Holding N.V.

The numbers against each name are the age (in brackets) and the year of periodical resignation.
A curriculum vitae, including other important positions and nationality, is available at the company's office and on www.abnamro.com.

** Member of the Nomination & Compensation Committee.*
 # Member of the Audit Committee.
@ To retire from Supervisory Board with effect of 28 April 2005.

Managing Board

R.W.J. Groenink (55),
Chairman

W.G. Jiskoot (54)
T. de Swaan (59)

J.Ch.L. Kuiper (57)
C.H.A. Collee (52)

H.Y. Scott-Barrett (46)

Company Secretary

H.W. Nagtglas Versteeg

Advisory Council

J. Aalberts
President and CEO of Aalberts Industries N.V.

M.P. Bakker
Chairman of the Managing Board and CEO of TPG N.V.

J. Bennink
Chairman of the Executive Board of Royal Numico N.V.

S.H.M. Brenninkmeijer
Chairman of the Managing Board of COFRA Holding AG

R.J.A. van der Bruggen
Chairman of the Board of Management of Imtech N.V.

G.J. Doornbos
Chairman of LTO Nederland

R. van Gelder BA
Chairman of the Management Board of Royal Boskalis Westminster N.V.

P.E. Hamming
Chairman of the Board of Management of Royal Vendex KBB N.V.

Ms N. McKinstry
Chairman of the Executive Board of Wolters Kluwer N.V.

G-J. Kramer Msc
President and CEO of Fugro N.V.

A. Nühn
Chairman of the Board of Management of Sara Lee DE International B.V.

H.Th.E.M. Rottinghuis
President and CEO of the Board of Directors of Pon Holdings B.V.

P.J.J.M Swinkels
CEO of Bavaria N.V.

J.A.J. Vink
Chairman of the Board of Management of CSM nv

L.M. van Wijk
President and CEO KLM Royal Dutch Airlines

Situation as at 17 March 2005

Curriculum vitae R.F. van den Bergh

Education

1973
Dutch Civil Law, Leiden University

Employment

1974 – 1975
Staff employee Royal Wessanen nv

1975 – 1980
Staff employee / publisher Nederlandse Dagblad Unie

1980 – 1988
Publisher / manager of Intermediair

1983 – 1988
Managing Director of VNU Business Publications Amsterdam

1988 – 1990
Manager Director of Admedia B.V.

1990 – 1992
Chairman of VNU Magazine Group

1992 – 2000
Member of the Executive Board of VNU nv (special task expansion VNU USA)

2000 –
Chairman of the Executive Board of VNU nv

Other

- Member of the Supervisory Board of PON Holdings B.V.
- Member of the Supervisory Board of NPM Capital N.V.

Curriculum vitae A. Ruys

Education

1974
Commercial Law, Utrecht University

1989
Harvard Business School (USA: Postgraduate Course – AMP)

Employment

1974 – 1993
Several positions at Unilever N.V.

1993 – 1996
Member of the Executive Board of Heineken N.V.

1996 – 2002
Vice Chairman of the Executive Board of Heineken N.V.

2002 –
Chairman of the Executive Board of Heineken N.V.

Other

- Member of the Supervisory Board of Gtech Holdings Corporation, USA
- Member of the Supervisory Board of Sara Lee/DE International B.V.
- Co-Chairman of ECR Europe
- Member of the Supervisory Board of the Foundation The Rijksmuseum
- Member of the Supervisory Board of National Fund for the Preservation of Art Treasures
- Member of the Board of Advisors of AIESEC Netherlands
- Member of the Supervisory Board of Veerstichting

Organisation of ABN AMRO Bank N.V.

Managing Board

Rijkman Groenink (Chairman)
Wilco Jiskoot
Tom de Swaan (CFO)
Joost Kuiper
Dolf Collee
Hugh Scott-Barrett (COO)

Group Business Team

Rijkman Groenink
Wilco Jiskoot
Tom de Swaan
Joost Kuiper
Dolf Collee
Hugh Scott-Barrett
Norman Bobins
Jan Peter Schmittmann
Fabio Barbosa
Lex Kloosterman
Piero Overmars
Alexandra Cook-Schaapveld
Huibert Boumeester
Ron Teerlink

Consumer & Commercial Clients

Executive Committee
Joost Kuiper
Dolf Collee
Jan Peter Schmittmann
Fabio Barbosa
Norman Bobins
Lex Kloosterman
Jan Willem Meeuwis

Joost Kuiper

Netherlands
Jan Peter Schmittmann (CEO)
CFO
Paul Loven
COO
Johan van Hall
Retail
Chris Vogelzang
Advisory
Paulus de Wilt
Corporate Clients
Wietze Reehoorn
Risk Management
Arnoud Rikkers
Human Resources
Robert Charlier

North America
Norman Bobins (CEO)
COO/CIO
Hill Hammock
CFO and Capital Markets
Thomas Heagy
Mortgage
Thomas Goldstein
Specialty Banking
John Newman
Commercial Banking
Larry Richman
Personal Financial Services
David Rudis
Chief Credit Officer
Terry Bulger
Chief Audit Officer
Stephen Mack
Chief Legal Officer
Willie Miller Jr.

Bouwfonds
Henk Rutgers (Chairman)
Bart Bleker
Jaco Reijrink

Dolf Collee

Brazil
Fabio Barbosa (CEO)
Chief Commercial Officer
Michiel Kerbert
CFO
Pedro Paulo Longuini
COO & Risk Management
José Luiz Majolo
Empresas - Clients
João Roberto Teixeira
Treasury and Empresas - Products
José Berenguer Neto
Consumer Finance
Enilson Souza

New Growth Markets
Lex Kloosterman (CEO)
CFO/COO
Jawaid Mirza
Human Resources
Rein Heddema
Special Relations
Jan Koopman
Asia / Middle East
Romesh Sobti
Asia Pacific
Jerry Letendre
Saudi Hollandi Bank
Peter Baltussen
International Diamonds & Jewelry Group
Maggiel Scalongne

Wholesale Clients

Executive Committee
Wilco Jiskoot
David Cole
Alexandra Cook-Schaapveld
Steven Gregg
Piero Overmars
Robert van Paridon
Sarah Russell
Nigel Turner
Samuel Zavatti

Wilco Jiskoot

Global Clients
Alexandra Cook-Schaapveld (Chairman Global Clients & Head of Corporates)
Fixed Income
Niall Cameron
Corporate Finance
Steven Gregg
COO
Sander Pruijs
Equity Capital Markets
Jan de Ruiter
Vice Chairman
Nigel Turner
Financial Institutions & Public Sector
Samuel Zavatti

Global Markets
Piero Overmars (Head of Global Markets)
Equities
Tim Boyce
Fixed Income
Niall Cameron
Fixed Income Trading
Graham Bird
Foreign Exchange & Futures
John Nelson
Commercial Banking
Gary Page
Deputy Head
Jan Sijbrand
COO
Michiel de Jong
Human Resources
Coen Muller

Services
David Cole (CEO)
Asia Pacific
Robert Davis
IT
Michael Geslak
Business Management
Andrew Graham
Operations
William Higgins
Americas
Ricardo Larrabure
EMEA
Kevin Payne
Finance
Sarah Russell
Human Resources, Legal & Communication
Oscar Strugstad

Private Clients

Dolf Collee
Lex Kloosterman (CEO)
Global Head Private Clients
Jos ter Avest
CFO/COO
Jawaid Mirza

Human Resources
Rein Heddema
Rob Mom
Special Relations & Senior Bankers Community
Jan Koopman

Marketing, Products & Sales Management
Paul Scholten
Netherlands
Jeroen Rijpkema

France
Jean Louis Milin
Germany
Rüdiger von Wedel
Switzerland, Luxembourg, Middle East & Latin America
Eelko Bronkhorst

Growth Markets Europe
Paul Lembrechts
Asia Pacific
Barend Janssens

Asset Management

Wilco Jiskoot
Huibert Boumeester (CEO)
CFO
Bert Schouws
CIO Fixed Income
Paul Abberley

CIO Equities
Kevin Smith
Funds & 3rd Party Sales
Julian Ide
Institutional Sales
Frank Goasguen

Retail Sales
Frank Kusse
Private Clients Sales
Pieter Croockewit
North America
Russell Campbell

Latin America
Luiz Maia
Asia Pacific
Arne Lindman
Human Resources
Caroline Baker

Transaction Banking Group

Hugh Scott-Barrett
Ann Cairns (CEO)
EMEA
Eric Brewer
Asia
Peter Chow
LATAM
Claudio Migliore

Brazil
Sergio Costantini
Netherlands
Maarten Mol
North America
vacancy
Global Transaction Products
Daniel Cotti

Global Transaction Delivery
Ed Glassman
Business Re-engineering
Mike Hampson
Client Service
Arjun Singh *
CFO
Gary Dolman

Risk Management
David Suetens
Strategic Planning
Naeem Bashir Ahmad
Communications
Charlotte MacFarlan
Human Resources
Mark Towson

* acting

Group Shared Services

Hugh Scott-Barrett
Ron Teerlink (CEO)
CFO
Caroline Rainbird

Global Corporate Functions
Jolle Dekker
ACES
Meera Sanyal

Human Resources
Madelon Flint
European Payments Centre
Robert Langefeld

CIO
Lars Gustavsson
Operations
William Higgins

Group Functions

Rijkman Groenink
Group Compliance
Carin Gorter
Group Audit
Peter Diekman
Corporate Development
Jeroen Drost

Tom de Swaan
Group Finance
Maurice Oostendorp
Group Legal
Jaap Kamp
Group Risk Management
Erwin Mahne
Herman Mulder
Karl Guha
Economics Department
Robert van den Bosch

Hugh Scott-Barrett
Corporate Communications
Robin Boon
Investor Relations
Richard Bruens
Group Human Resources
Eltjo Kok
European Union Affairs &
Market Infrastructure
Gerard Hartsink

Situation as at 17 March 2005

European Staff Council

Having built a good working relationship with management, the European Staff Council (ESC) was able to engage in discussions about the bank's cross-border initiatives and developments. Early involvement at the planning stage enabled the ESC to ensure that this dialogue was both detailed and constructive, and allowed it to have a greater degree of influence over the final outcome. The starting point for the ESC has always been to uphold the continuity of the organisation and safeguard the best possible future for its employees, while appreciating the different positions and perspectives of other stakeholders. Unfortunately the ESC has not been able to present viable alternatives which could have prevented compulsory redundancies. Nevertheless, the ESC succeeded in reaching agreements with management that have improved the job prospects of the staff affected by the changes.

During the six plenary sessions in 2004 (four in Amsterdam, one in Warsaw and one in Zurich) the ESC met with local employees and provided management with feedback from staff across Europe. Where necessary, this feedback led to concrete action by management.

Some of the major topics discussed during 2004 were:

- Formation of Group Shared Services
- Procurement
- Outsourcing Asset Management back office
- Cost reduction in European Equities
- Operations of Global Trade Advisory
- Wholesale Clients global private account dealing policy
- Divestiture of ABN AMRO Trust
- Strategic ambition programme Wholesale Clients
- HR Transformation Programme.

Additionally, the ESC had general discussions with management about the bank's strategy in a changing industry environment. Several members of the Managing Board participated in these discussions, including the Chairman.

The ESC appreciates its relationship with management, and the opportunity to provide feedback and influence the decision making process.

Amsterdam, 31 December 2004

European Staff Council

Dutch Central Works Council

2004 was the third year of the 2002-2005 cycle for Dutch staff councils. Important issues that arose during the year included:

- the sale of LeasePlan Corporation
- the formation of Group Shared Services, including European Payments Centre, HR Services and other departments
- the development of plans for IT Global, IT Infrastructure as well as Application Development and Maintenance
- HR Transformation Programme.

The negotiations about the bank's central labour conditions held in 2003 resulted in a final offer, which led to a difference of opinion over the selection and matching of staff during reorganisations. The Central Works Council (CWC) was also involved in helping to find a solution reflecting a good combination of choosing the best people and taking age and years of service into account.

We were informed in good time of the proposal to appoint Mr A.A. Olijslager to the Supervisory Board.

The CWC met five times, mostly as scheduled, with the responsible member of the Managing Board. One or more members of the Supervisory Board attended and participated in each of these meetings. This regular contact with the Supervisory Board is much appreciated.

Sourcing policy was a prominent agenda item in the CWC's discussions during 2004. However, the CWC was also asked for its opinion on, and approval of, other issues such as the integration of BU Netherlands' Group Audit and Audit Inspection departments into a new Group Audit unit, as well as the Share Option Plan.

In November 2004 most of the Dutch members of the Supervisory Board and the Managing Board attended a special CWC meeting called to discuss the topic 'From business case to change case in major processes of change'. Key issues debated at this meeting included offshoring, paying greater attention to human behaviour and emotions, listening and making oneself heard.

At two of the CWC meetings during the year, the Chairman of the Managing Board discussed the 2003 results and the 2004 interim results in detail. Many of the questions asked were about the future, and the chairman responded with a degree of frankness characteristic of ABN AMRO's open culture.

The CWC is fully committed to playing its part in promoting our bank's prosperity. On behalf of all ABN AMRO's staff councils, we would like to express our appreciation for the climate of mutual trust that permeates our relations with management.

Amsterdam, 31 December 2004

Central Works Council

Glossary

Advanced Internal Ratings Based (AIRB)
The highest and most detailed level of credit risk calculation for determining capital adequacy levels under Basel II (New Capital Accord), based on the use of internal models to assess risk.

Advanced Management Approaches (AMA)
The highest and most detailed level of operational risk calculation for determining capital adequacy levels under Basel II (New Capital Accord), based on the use of internal models to assess risk.

Allowance for loan losses
Balance sheet provision held against the total of non-performing loans. The allowance is increased by the annual provisions and decreased by write-downs (net of recoveries) on non-performing loans.

Assets under Administration (AuA)
All client assets managed by or deposited with a financial services firm for investment purposes, including wholesale client assets derived from custody, correspondent banking and/or working capital.

Assets under Management (AuM)
Assets, including investment funds and assets of private individuals and institutions, being professionally managed with the aim of realising an optimal investment result.

Basis point
One hundredth of 1 percentage-point.

Basel II
The 'Basel II Framework' offers a new set of standards for establishing minimum capital requirements for banks. It was prepared by the Basel Committee on Banking Supervision.

Bank for International Settlements (BIS)
Set up in 1930 with its head office in Basel. Its principal tasks are to promote cooperation between central banks and to assist in international payments. The BIS also issues recommendations to banks and regulatory authorities in the fields of risk management, capital adequacy and the provision of information on financial derivatives.

BIS ratio
Solvency ratio for banks, stating the minimum capital requirements related to risk-weighted assets, as defined by the Bank for International Settlements (BIS).

Bookrunner
Head of a securities syndicate responsible for arranging the subscription, allotment and after-market for all syndicate members.

Capital adequacy directive (CAD) 3
European Union directive implementing the new Basel II accord.

Capital adequacy
Measure of a company's financial strength, often expressed in equity as a percentage of balance sheet total or – for banks – in the BIS ratio.

Core tier 1 ratio
The bank's core capital, excluding preference shares, expressed as a percentage of total risk-weighted assets.

Corporate finance
Activities in the fields of mergers, acquisitions, privatisations, advisory services and origination.

Credit equivalent
Sum of the costs of replacement transactions (when counterparties fail to fulfil their obligations) and the potential future credit risk, being reflected in a mark-up percentage on the principal of the contract. The mark-up percentage depends on the nature and remaining term of the contract.

Credit rating
Assessment of a credit rating agency expressed in a combination of letters and/or figures indicating the creditworthiness of a country, company or institution.

Currency risk
Price risk relating to exchange rate fluctuations.

Derivatives
Financial instruments whose value is derived from the price of one or several underlying assets (e.g. currencies, securities, indices, etc).

Economic capital
Proxy for the capital which is required to run the business, given the market, credit and operational risks.

Economic profit
Net profit after tax less risk-adjusted cost of capital.

Economic value
The value of future economic profits discounted to the present.

GAAP
Generally accepted accounting principles.

Goodwill
The difference between the purchase price of a participation or individual assets on the one hand and the fair value of the individual items on the other.

Hedge
Protecting a financial position, by going either long or short, often using derivatives.

International Financial Reporting Standards (IFRS)
IFRS, formerly known as International Accounting Standards, are drawn up and recommended by the International Accounting Standards Board. The European Union requires that IFRS be used by all exchange-listed companies in the EU starting with the financial year 2005.

Interest rate risk
Degree to which fluctuations in long and short-term interest rates have a negative influence on the bank's result.

Joint venture
Cooperative venture between two or more separate legal entities.

Loss Given Default (LGD)
The amount that the bank expects to lose on an exposure to a counterparty at default.

Managing for Value (MfV)
Instrument ABN AMRO uses for maximising value. It allocates resources to where they earn the best long-term returns as measured by economic profit. Two relevant connected terms are economic profit and economic value.

Market risk
Risk relating to fluctuations in stock exchange prices, currency and/or interest rates.

Mortgage Servicing Right (MSR)
Right to a stream of cash flows and an obligation to perform specified residential mortgage servicing activities, which may also be purchased from third parties. Mortgage servicing activities include collecting principal, interest, and escrow payments from borrowers; making tax and insurance payments on behalf of the borrowers; monitoring delinquencies and executing foreclosure proceedings; and accounting for and remitting principal and interest payments to the investors. If servicing is retained at the time of loan sale, the MSRs are recognised as assets on our balance sheet.

Net asset value per share
Value of all the assets of a company less loan capital and divided by the number of shares outstanding.

Non-performing loans
Loans for which there is any doubt about the borrower's capacity to meet its payment obligation to the bank.

Notional amounts
The value of the principal of the underlying financial derivatives contracts.

Options (shares and currencies)
Contractual right to buy (call option) or sell (put option) a specified amount of underlying shares or currency at a fixed price during a specified period or on a specified date.

Preference share
Share that receives a fixed rate of dividend prior to ordinary shares.

Private banking
Dedicated to the development and execution of the policy in relation to high net worth clients and small and medium-sized institutional investors.

Provision
Charge to income to cover possible losses on non-performing loans.

Risk-weighted assets
Total assets and off-balance sheet items calculated on the basis of the risks relating to the various balance sheet items.

RAROC
Risk adjusted return on capital, measured against BIS capital requirements. It is a risk-adjusted profitability measurement, providing a consistent view of profitability across businesses.

Scenario analysis
Method used to measure and manage interest rate risk, for example. Using various assumptions about future interest rate movements, net interest revenue is estimated.

Securitisation
Restructuring credits in the form of marketable securities.

Structured finance
Global activity aimed at the extension of credits in specialised product/market combinations, development and marketing of complex financial solutions, export financing of capital goods and large-scale project finance.

Tier 1 ratio
Core capital of the bank expressed as a percentage of total risk-weighted assets.

Total return to shareholders (TRS)
Share price movement plus dividend yield.

Treasury
Department responsible for all money market and currency operations.

Trust business, trust services
Assets are entrusted to a trustee who is responsible for the management of these assets.

Uniform Credit Rating (UCR)
The UCR is an obligor rating and refers to the probability of default of an obligor, i.e. the likelihood that a counterparty fails to pay interest and/or principal and/or other financial obligations to the bank.

Value-at-Risk (VaR)
The statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio's losses will exceed a certain amount.

Volatility
Statistical measure for the degree to which items (market rates, interests) fluctuate over time.

Safe Harbour Statement under the US Private Securities Litigation Reform Act of 1995
Certain of the statements contained herein that are not historical facts, including, without limitation, statements as to future net profit and operating expenses, are statements of future expectations and other forward-looking statements (as such term is defined in Section 21E of the US Securities Exchange Act of 1934, as amended) that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, (ii) performance of financial markets, (iii) interest rate levels, (iv) currency exchange rates, including the EUR/USD exchange rate, (v) changes in laws and regulations, including monetary convergence and the European Monetary Union, (vi) changes in the policies of central banks and/or foreign governments, (vii) cost overruns and (viii) competitive factors, in each case on a global, regional and/or national basis. ABN AMRO does not undertake to update any statements of future expectations or other forward-looking statements contained herein.

Abbreviations

ACES	ABN AMRO Central Enterprise Services Private Limited
AIRB	Advanced International Ratings Based basis for credit risk
ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
AM	Asset Management
AMA	Advanced Measurement Approaches
AML	Anti Money Laundering
AuA	Assets under Administration
BIS	Bank for International Settlement
bp	Basis point
BRL	Brazilian real
BU	Business Unit
C&CC	Consumer & Commercial Clients
CAD	Capital Adequacy Regulations
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
COO	Chief Operating Officer
CRO	Country Risk Officer
EUR	Euro
FIPS	Financial Institutions & Public Sector
FTE	Full time equivalent, a measurement of number of staff
FX	Foreign Exchange
GALM	Group Asset and Liability Management
GCF	Global Corporate Functions
GDP	Gross Domestic Product
GF	Group Functions
GRC	Group Risk Committee
GRM	Group Risk Management
GSS	Group Shared Services
HR	Human Resources
IFRS	International Financial Reporting Standards
LGD	Loss Given Default
LPC	LeasePlan Corporation
MfV	Managing for Value
MRM	Market Risk Management
MSR	Mortgage Servicing Right
N&C Committee	Nomination & Compensation Committee
P&L	Profit & Loss
PC	Private Clients
PFS	Personal Financial Services
PSP	Performance Share Plan

RAROC	Risk adjusted return on capital
RWA	Risk-weighted assets
SBU	Strategic Business Unit
SEVP	Senior Executive Vice President
SME	Small and medium-sized enterprises
SOXA	Sarbanes-Oxley Act of 2002
TRS	Total return to shareholders
UAE	United Arab Emirates
UCR	Uniform Counterparty Rating
USD	US dollar
VaR	Value-at-Risk model
WCS	Wholesale Clients

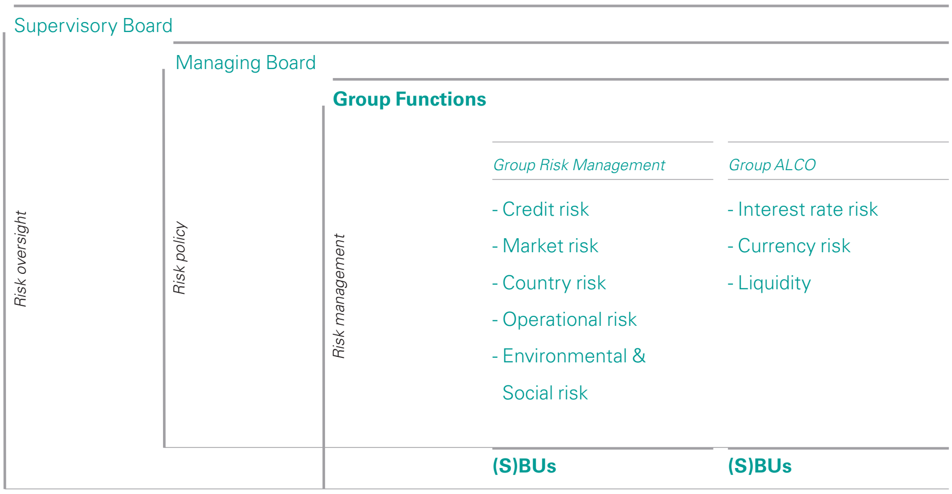
APPENDIX B

RISK MANAGEMENT

The information in this Appendix B has been extracted from the annual report of Holding for the year ended 31 December 2004. References to page numbers in this Appendix B are to pages of such document. The page numbers of such document appear on the bottom left or right hand side of the pages in this Appendix B. In this Appendix B, references to "**ABN AMRO**" shall mean Holding.

Risk management

Risk governance organisational structure



Risk management framework

Comprehensive risk management is a core competency of ABN AMRO. We take a prudent and conservative approach to risk that is fully aligned with our long-term strategy. ABN AMRO underpins this strategy with a professional risk function that is independent from the commercial lines of business.

The risk framework combines centralised policy setting with broad oversight, supported by risk execution and monitoring in the Group's network. It provides management with the ability to oversee the bank's large and highly diversified portfolio effectively and efficiently.

ABN AMRO's risk management systems are designed to identify and analyse risks at an early stage; to set and monitor prudent limits; and to learn and evolve continuously to help us face a volatile and rapidly-changing risk environment. In this way, ABN AMRO risk management adds value for the company's shareholders.

Risk governance

The Managing Board establishes the strategic risk philosophy and policies for ABN AMRO under the oversight of the Supervisory Board. Part of the Supervisory Board's responsibilities involves regularly monitoring risk in the bank's portfolio. Responsibility for the overall implementation of risk policy lies with the CFO, who is a member of the Managing Board.

Risk is managed through two principal directorates, Group Risk Management (GRM) and Group Asset and Liability Management (GALM):

- GRM is responsible for the management of credit, country, market and operational risk and is also participating in the work to prepare the bank for the implementation of the new capital adequacy accord (Basel II)
- GALM is responsible for protecting the bank's earnings and capital position against adverse interest rate and currency movements in its non-trading portfolios, as well as managing the Group's longer-term liquidity profile.

Organisation of Group Asset and Liability Management

To enable us to manage our balance sheet effectively, we have established an Asset and Liability Committee (ALCO) structure mirroring the bank's organisation. Under this structure there is a Group ALCO at Group level and an ALCO in our client-facing BUs, each responsible for managing the Asset and Liability Management (ALM) process in its own particular area of interest.

The members of Group ALCO are drawn from the business, Finance and Risk.

Group ALCO 's main responsibilities are to:
• Supervise all BU-level ALCOs
• Set the overall risk limit per (S)BU and per currency for interest rate and liquidity risk
• Set overall Value-at-Risk (VaR) limits for market risks, the allocation of which is the responsibility of the Group Risk Committee
• Manage the consolidated liquidity and interest rate position of the bank
• Manage the Group's capital structure
• Set standards and policies for transfer pricing and inter-(S)BU transactions
• Manage the corporate investment portfolio
• Hedge the invested capital and profits in foreign currency throughout the bank.

Organisation of Group Risk Management

The Group Risk Committee (GRC), whose voting members are drawn mainly from GRM, is the most senior committee on policy and exposure approval for credit, country and market risk. In general the policy and credit portfolio issues are handled in dedicated Policy-GRC meetings.

GRC's main responsibilities are to:
• Determine the risk policies, procedures and methodologies for measuring and monitoring risk as well as reputational risk issues
• Set delegated authorities for lower committees and authorised individuals within GRM, Consumer & Commercial Clients, Private Clients and Asset Management
• Approve credit, market, and operational risk associated with new products
• Approve risk on transactions whose value exceeds the authority delegated to lower committees
• Approve structured finance, complex products and tax-related transactions
• Conduct a quarterly review of the adequacy of provisions on the credit portfolio
• Oversee the bank's overall portfolio for Consumer & Commercial Clients, Wholesale Clients, Private Clients and Asset Management.

The credit risk organisations of Consumer & Commercial Clients, Private Clients and Asset Management have a local focus and are overseen by GRM. The risk function of Wholesale Clients is fully integrated into GRM, and market risk and operational risk are separate risk functions within GRM. Country risk officers (CROs) are an integral part of GRM and provide local oversight. The home markets within Consumer & Commercial Clients have their own CROs with dual reporting lines. Within GRM, the Structured Risk Interface has been established to manage the risks within the complex and diverse Wholesale Clients' product mix.

The main responsibilities of GRM and the risk management functions of Consumer & Commercial Clients, Private Clients and Asset Management are to:
• Oversee all credit, market and regulatory matters and ensure compliance with local laws
• Approve risk transactions within their delegated authority and advise on credits which exceed such limits
• Support the bank's trading operations by monitoring and ensuring effective market risk exposure management
• Implement review and control policies on all risk portfolios
• Manage individual problem credits and monitor the distressed assets portfolio within ABN AMRO's risk parameters
• Set provisions for loan losses within their delegated authority
• Approve consumer product and SME lending programmes within their delegated authority
• Establish and maintain operational risk control discipline

• Ensure compliance with ABN AMRO's Corporate Values and Business Principles.

Risk management and internal controls

Despite our creation of the formal GRM organisation, risk can also be viewed more broadly as the responsibility of all departments in the bank. So risk is taken into account from the inception of a transaction through to its completion.

Responsibility for management of risk lies first with each operating department, whose duties include analysing the risks involved in each transaction it originates, checking that those risks are compatible with the assigned limits, and ensuring that they are managed properly.

The middle and back-office are responsible for executing, recording and processing all transactions.

A number of functional departments which are independent from the business control the transactions:

- Risk Management approves risks incurred and monitors changes in exposures
- Group Finance takes responsibility for the reliability and accuracy of the financial and accounting data
- Compliance ensures that all staff adhere to the regulations applicable to the business
- Legal and Tax monitor legal and fiscal aspects of transactions
- Audit reviews and inspects departments for internal controls.

Management of risks is viewed throughout the organisation as an integral function of ABN AMRO.

Credit risk

ABN AMRO defines credit risk as being the risk that a counterparty, an issuer, or both, will fail to perform its obligations to the bank or the risk that an issuer's quality deteriorates.

Main principles of credit risk management

The main principles of credit risk for commercial and consumer credits are:

- Approval of credit risk exposure is independent of the business originators
- All commercial activities which commit the bank to engage in risk-sensitive transactions require prior approval by its relevant committees or at least two authorised individuals (the 'four-eyes principle')
- The Managing Board delegates authority to approve such activities to GRM within Group Functions and further down to the (S)BUs
- Within their delegated authority levels, the BUs are responsible for managing all business activities
- Credit facilities, once granted, need to be properly documented and monitored
- 'Know Your Client' is a leading principle, meaning that we should be familiar with our clients' backgrounds with regard to the financing of their activities and transactions.

Management of commercial credits

Credit decisions for commercial clients are based on:

- Global One Obligor Exposure, which combines all direct and contingent credit limits to a given relationship globally
- Uniform Counterparty Rating, which is the risk rating based on the probability of default of the individual counterparty.

Within Wholesale Clients, client management and product specialists identify client credit needs and propose the structuring of credit facilities, including advice from the Portfolio Management Group. GRM is responsible for the approval of individual Wholesale Clients credits and for specific industry and regional credit policies. Credit proposals which exceed the authority of the CRO are forwarded to GRM Amsterdam.

The CROs in Consumer & Commercial Clients, Private Clients and Asset Management have a functional reporting line to GRM. Credit proposals that exceed the delegated authority of the (S)BU are forwarded to GRM for advice and decision by the relevant credit authority.

Credit rating system, UCR, LGD classification

ABN AMRO has an extensive rating system, which is applied globally for commercial credits. It consists of two types of ratings: a Uniform Counterparty Rating (UCR), and Loss Given Default (LGD). The UCR reflects the estimated probability that the counterparty will default while the LGD classification reflects the loss which the bank would expect to suffer on a facility if the counterparty defaults.

Both rating types are key inputs for measuring and managing credit risk. UCRs and LGD-classes are assigned by risk officers or risk committees independent of the commercial departments.

The UCR rating scale is applied globally within the bank for all non-retail exposure. The scale is comprised of 14 non-default grades and three default grades. The non-default grades can also be mapped to those of external rating agencies. A number of rating tools have been developed to support the assignment and review of UCRs. These rating tools quantify the relative impact of various risk factors and make rating decisions transparent. Rating tools are now available for all the bank's major loan portfolios. ABN AMRO uses rating tools which are tailored to each specific market to reflect the underlying risk drivers.

The LGD classification is determined for each facility on the basis of seniority, collateral and an assessment of the legal environment. LGD classification policies have been tailored to reflect specific (local) markets, counterpart types and products. Loss data on defaulted credits are being gathered and stored in a LGD database to validate and improve LGD classification and the underlying policies.

Management of programme lending (financing consumers and SMEs)

Programme lending refers to credit that is approved under a Product Programme format and managed on a portfolio basis. When providing credit to consumers and certain small and medium-sized enterprises, ABN AMRO relies on the Product Programme process for credit approval and risk management. The BU prepares a Product Programme to apply for approval to offer a certain credit product. The Product Programme must specify the target customers or customer segment and should contain standard risk acceptance criteria for evaluating and approving individual transactions. Further, the Product Programme should demonstrate that the portfolio's performance will be predictable in terms of its yield, delinquency and write-offs. Tracking and reporting mechanisms must be able to identify trends in the portfolio's performance early on, and to allow for timely adjustments.

The Managing Board has delegated authority to approve and conduct annual reviews of Product Programmes to GRM and the home market BUs. Other BUs must apply to GRM for approval of all Product Programmes. Decision authority is based on the proposed peak portfolio outstanding for a certain product offering. Under an approved Product Programme, the authority to approve individual credit transactions is delegated to authorised individuals.

Credit initiation, account maintenance and collection decisions may be based on the objective application of eligibility criteria together with other guidelines described in

Total loans analysed by (S)BU breakdown

(in billions of euros)	**Total 2004**	C&CC	WCS	PC/AM/GF	2003	2002
Public sector	**6.0**	1.1	4.8	0.1	5.5	7.4
Private sector	**233.8**	171.7	49.6	12.5	234.8	247.2
Total loans*	**239.8**	172.8	54.4	12.6	240.3	254.6

* *Excluding professional securities transactions*

the approved Product Programme or on credit scoring. BUs use internally-developed and vendor-supplied scorecards. Credit bureaus are used where available.

Portfolio performance databases are maintained by the businesses to help in portfolio control. Detailed information is available within BUs to permit the segmentation of portfolios. GRM keeps information at a product portfolio level to aid both regional and global monitoring.

ABN AMRO loan portfolio and its composition

Portfolio growth in 2004 was constrained by competitive market conditions. Clients have been conservative in their financial strategies and restrained in their borrowing, resulting in a relatively lower utilisation of credit facilities. Additionally, the strengthening of the euro has impacted negatively on growth in US dollar-denominated portfolios.

In 2004, Consumer & Commercial Clients continued to be the largest SBU, holding approximately 72% of total loans outstanding. Wholesale Clients was second, with 23%. The remainder was held by Private Clients, Asset Management and other Group businesses. Consumer & Commercial Clients's predominance within ABN AMRO's total loans reflects the size of its operations in the bank's home markets of the Netherlands, the US Midwest and Brazil.

Consumer & Commercial Clients loan portfolio

The BU Netherlands continues to make up the bank's largest asset base, accounting for 48% of total private loans outstanding, followed by BU North America with 25%. In 2005, ABN AMRO will aim for further growth of its Consumer & Commercial Clients portfolio in countries such as China, Hong Kong and India.

Commercial portfolios

Consumer & Commercial Clients' commercial portfolios, which consist of loans to corporate entities, accounted for 40% of total Consumer & Commercial Clients private-sector loans in 2004. The total commercial loan portfolio declined modestly during the year, reflecting the strength of the euro against other currencies.

The commercial portfolio of BU Netherlands increased by approximately 4% over the year. The portfolio remains diversified, with wholesale trade, transportation & communication, and financial services as its top three industry clusters.

In North America, Consumer & Commercial Clients commercial activities remain primarily in the US Midwest, but LaSalle Bank has opened several regional offices which have contributed positively to loan growth. Commercial real estate and mid-market lending remain important activities for the bank. Its top three industry clusters are construction & real estate, manufacturing, and wholesale & retail trade.

Brazil's commercial portfolio saw strong growth of 36% fuelled by economic recovery. Banco Sudameris is now fully integrated into the organisation and will contribute to growth in the mid-market segment.

C&CC – Total private sector loans by BU

(in billions of euros)	**Total 2004**	Nether-lands	North America	Brazil	New Growth Markets	Bouw-fonds	2003
Commercial	**68.9**	26.1	29.7	3.4	2.0	7.7	68.2
Consumer	**102.8**	55.9	12.8	4.0	2.8	27.3	99.6
Of which: mortgages	***84.8***	*44.1*	*12.4*	*0.3*	*0.7*	*27.3*	*82.1*
Total private sector loans	**171.7**	82.0	42.5	7.4	4.8	35.0	167.8

The BU New Growth Markets commercial loan portfolio decreased by only EUR 0.2 billion or 9% despite the sale of Bank of Asia.

The commercial portfolio of Bouwfonds showed favourable growth of EUR 1.7 billion (28%).

Consumer portfolios

The Consumer Portfolio of the SBU Consumer & Commercial Clients, which consists of loans to private individuals, continued to make up a dominant part of the SBU's business in 2004, accounting for 60% of total private-sector loans of Consumer & Commercial Clients. 82.5% of consumer loans are covered by mortgages.

In BU Netherlands, the portfolio grew modestly at a rate of 2.6%. In the US, the mortgage business faced lower volumes at the end of the refinancing cycle. However, the bank has introduced a Home Equity product which is enjoying market acceptance. At the end of 2004, LaSalle Bank was servicing more than USD 200 billion of residential mortgages.

Brazil's consumer portfolio consists mainly of car finance and personal loans. Despite increased competitive pressure and new entrants into the market, the loan portfolio grew by EUR 0.5 billion (14%).

The BU New Growth Markets consumer portfolio remained stable at a level of EUR 2.8 billion, despite the sale of the stake in Bank of Asia in the third quarter. Activities are focused on the new markets in India and Greater China.

The Bouwfonds consumer portfolio showed healthy development and increased by EUR 2.2 billion (8.8%).

Wholesale Clients loan portfolio

The Wholesale Clients private sector loan portfolio increased by EUR 6.3 billion (14.5%). This portfolio focuses mainly on OECD countries. The percentage in the US declined as a result of the strengthening of the euro against the US dollar. Telecommunications, automotive and integrated energy remained the top three industry clusters in the portfolio. Wholesale Clients manages all industry exposure under agreed portfolio caps across geographic markets.

There was a major improvement in credit quality due to good management of the portfolio and proactive risk management measures taken earlier.

In line with the global banking industry, Portfolio Management has used credit derivatives to hedge corporate risk and to reduce economic and regulatory capital in the Wholesale Clients loan portfolio.

Selective hedging of the loan portfolio has allowed Portfolio Management to manage risk concentrations at both the relationship and industry levels. This is an important tool in the expansion of the active portfolio management model.

Provisioning

Provisioning policies

ABN AMRO has developed specific provisioning policies for the classes of loan

Specific provisioning by (S)BU (net additions)

(in millions of euros)	**Total 2004**	C&CC	WCS	PC/AM/GF	2003	2002
Total for loan losses	**640**	583	20	37	1,240	1,681
Sovereign / country risk	**13**	–	16	(3)	34	14
Total specific provisioning	**653**	583	36	34	1,274	1,695
Specific provisions to average RWA (bps)	**27**	40	5	17	55	66

business that the bank undertakes. These policies are kept under constant review and are adjusted to reflect (among other things) the bank's actual loss experience, developments in credit risk modelling techniques and changes in legislation in the jurisdictions in which the bank operates.

Corporate and commercial loans

At least once a year, the bank's dedicated credit committees or its authorised individuals will review the status of its corporate and commercial clients to whom it grants credits. Additionally, the bank's credit officers continually monitor the quality of loans. Should the quality of a loan or the borrower's financial strength deteriorate to the extent that doubts arise over the borrower's ability to repay the loan, management of the relationship is transferred to the local or GRM's Financial Restructuring & Recovery unit. After making an assessment, this unit determines the amount, if any, of the specific provision that should be made, after taking into account the value of collateral. At the close of each quarterly reporting period, the GRC reviews specific provisions on the portfolio to ensure their adequacy.

Consumer loan products

The bank offers a wide range of consumer loan products and programmes such as personal loans, home mortgages, credit cards and home improvement loans.

Provisioning for these products is carried out on a portfolio basis. A specific provision for each product is determined by the portfolio's size and the bank's loss experience. Our consumer loan portfolio policy states that, in general, when interest or principal on a consumer loan is overdue for 90 days or more, any further accrual of interest is suspended and such loans are then classified as non-accrual.

Mortgage servicing portfolio and mortgage repurchases in the US

To make full use of economies of scale, the bank originates mortgage loans through brokers, its branch network, a national call centre and the internet. The bank sells the majority of such loans to investors but retains servicing rights. Credit risk is transferred to the investors but if operational deficiencies occur such as documentation errors or title issues, investors require the bank to repurchase affected loans. The bank maintains an operational reserve to cover this risk.

Sovereign risk

The bank has developed a sovereign risk scoring system. With effect from 2002, a provision for sovereign risk is made only for payments which are overdue or expected to become overdue.

Doubtful and non-performing loans

Loans are classified as doubtful as soon as there is evidence about the borrower's lack of ability to meet its payment obligations to the bank in accordance with the original contractual terms. Where deemed necessary, an allowance for loan losses is determined on a per item basis, taking into account the value of the collateral. The allowance for consumer/programme lending is determined

Non-performing loans

	2004	2003	2002
Total non-performing loans (in millions of euros)	**4,088**	4,955	6,132
Non-performing loans to private sector loans (gross, in %)	**1.73**	2.08	2.44
Allowances for loan losses to private sector loans (gross, in %)	**1.24**	1.68	1.64

on a portfolio basis, with a specific allowance for each product being determined by the portfolio's size and the bank's historical loss experience.

Non-performing loans are doubtful loans that are placed on a non-accrual basis. This means that the contractual interest is no longer recognised in the income statement. Any asset or exposure in the loans and advances portfolio that bears an impairment loss on principal or interest is defined as non-performing.

The volume of non-performing loans decreased by EUR 0.9 billion (17%) in 2004, reflecting the improved quality of the credit portfolio. The ratio of non-performing loans to private-sector loans developed favourably. Finally, the coverage ratio – or allowances for loan losses to private-sector loans – also changed slightly, reflecting the higher quality of the credit portfolio.

Consumer & Commercial Clients loan loss provision trends by BU

Consumer & Commercial Clients' total provisions for the year ended 2004 were EUR 583 million, representing a decline of 29% over total provisions in 2003. Provisions moved from 57 bps of average RWA in 2003 to 40 bps in 2004.

In BU Netherlands provisions were EUR 45 million lower (18%) than in 2003. While a subdued environment at the start of 2004 kept provisions for SME and consumer credits at a higher level, there was some improvement during the second half of the year. The Dutch mortgage portfolio continued to perform well. The ratio of loan loss provisions to RWA decreased from 47 bps to 37 bps.

Credit conditions in the US improved in 2004, resulting in provision levels that were EUR 201 million (66%) lower than in 2003. The net provisioning levels benefited from recoveries in the middle-market portfolio. Credit characteristics improved in all businesses. Real estate financing continued to perform very well with minimal losses. The loan loss provisions, as a percentage of RWA, decreased from 51 bps to 18 bps.

In Brazil, provisions were reduced by EUR 32 million (12%), as a result of the more favourable economic environment and the release of previously-taken conservative provisions on the Banco Sudameris portfolio. The ratio of loan loss provisions to RWA decreased from 394 bps to 260 bps.

Wholesale Clients loan loss provision trends

Wholesale Clients' provisions declined by EUR 363 million (91%) compared to 2003 due to a lower level of provisioning as well as releases and recoveries within the energy and telecom sectors. Improving credit quality is also shown by the average UCR of the Wholesale Clients' corporate portfolio. ABN AMRO remains confident about the overall quality of its portfolio and its strong credit profile. The ratio of loan loss provisions to RWA decreased from 60 bps to 5 bps.

Cross-border risk exposures

(in billions of euros for year ended 31 December)	Total cross-border exposure			After mitigation [1]		
	2004	2003	2002	**2004**	2003	2002
Region						
Brazil	**3.1**	3.2	3.7	**1.0**	0.7	0.9
Other Latin America (incl. Mexico)	**3.6**	3.0	3.7	**2.8**	1.9	2.5
Asia and Pacific	**10.3**	7.7	7.1	**6.1**	4.8	4.8
Eastern Europe	**4.3**	3.6	3.0	**3.0**	2.3	1.6
Middle East and Africa	**5.2**	3.1	2.7	**3.6**	2.2	1.9
Total	**26.5**	20.6	20.2	**16.5**	11.9	11.7

1 *Mitigated exposure commonly include transactions covered by credit derivative swaps, political risk insurance, cash deposits or securities placed offshore, specific guarantees, ring-fenced funding or any other mitigation instruments available in the market*

Sovereign risk exposures

(in billions of euros for year ended 31 December)	Total sovereign exposure			Of which foreign currency [1]		
	2004	2003	2002	**2004**	2003	2002
Region						
Brazil	**5.2**	5.2	3.7	**0.2**	0.1	0.3
Other Latin America (incl. Mexico)	**1.1**	1.4	1.4	**0.6**	0.6	0.9
Asia and Pacific	**3.4**	3.7	3.5	**0.4**	0.3	0.6
Eastern Europe	**1.9**	1.7	1.5	**0.5**	0.4	0.8
Middle East and Africa	**0.6**	1.0	0.8	**0.5**	0.6	0.4
Total	**12.2**	13.0	10.9	**2.2**	2.0	3.0

1 *Partly included in the cross-border risk exposures*

Cross-border and sovereign risk in the portfolio

ABN AMRO manages country risk in emerging markets, both sovereign and cross-border, on a portfolio basis.

Cross-border risk

Cross-border risk is defined as the risk that funds in foreign currencies cannot be transferred out of a country as a result of the actions of the authorities in the country, or because the transfer is impeded by other events such as civil war and embargoes.

The measurement of cross-border risk exposure covers all on- and off-balance sheet assets that might be directly affected by cross-border risk. ABN AMRO has been monitoring cross-border risk exposure for many years and currently uses a VaR model to determine the cross-border risk on its total portfolio. VaR analyses historical market trends to estimate the likelihood that a portfolio's losses will exceed a certain amount. Going forward, this VaR model will be replaced by the economic capital calculations which cover cross-border risk.

Total cross-border risk exposure in 2004 rose by EUR 5.9 billion (28.6%) compared with 2003, mostly due to significant increases in Asia Pacific and Eastern Europe, as well as increases in all the other regions. The increase in cross-border exposure, net of mitigated exposure, was EUR 4.6 billion (38.6%) compared to 2003.

Sovereign risk

Sovereign risk is defined as the counterparty and issuer (credit) risk on a sovereign entity, irrespective of the currency involved. Sovereign entities include the central government, the central bank and other entities explicitly guaranteed by the first two (but excluding lower governments).

The sovereign risk exposure decreased in 2004 by EUR 0.8 billion (6.1%), mainly because of lower exposure in Latin America (outside of Brazil) and in the Middle East and Africa. However, while total sovereign risk exposure decreased, the foreign exchange component rose by EUR 0.2 billion.

Market Risk

Market risk is the risk that movements in financial market prices – such as foreign exchange, interest rates, credit spread, equities and commodities – will change the value of the bank's portfolios.

ABN AMRO is exposed to market risk through its trading activities, which are carried out both for customers and on a proprietary basis. For trading related to customer facilitation the bank warehouses market risks, while for proprietary trading the bank actively positions itself in the financial markets.

In any trading activities, risk arises both from open (unhedged) positions and from imperfect correlation between market positions that are intended to offset one another. Effective and efficient management and use of our exposure to market risk is essential, for both the competitiveness and profitability of the bank.

ABN AMRO has developed and implemented its own market risk measurement framework. This framework is based on the principles of best industry practice and the requirements imposed by regulators. In general, market risk exposure has to be identified and quantified in order for risk monitoring and reporting to be effective.

For the purposes of quantification, industry practitioners usually classify market risk exposure by type of market risk. There are several major types of market risk: interest rate risk, foreign exchange risk, equity price risk, commodity price risk, credit spread risk, and volatility and correlation risks. For each risk type there are specific risk factors, and various measures for these risk factors.

In practice, market risk exposure is quantified by identifying relevant risk factors and calculating appropriate risk measures (such as first and higher order sensitivities, collectively known as 'Greeks'). These risk measures for each risk factor are then used to set market risk limits, to run scenario and sensitivity analyses, and as inputs to various risk measurement models, such as Value-at-Risk.

Market Risk Management

Market Risk contains three major functions: Market Risk Management, Market Risk Policy, and Market Risk Reporting & Control. Its goals are to avoid unexpected losses due to market risk and to optimise the use of market risk capital.

Market Risk Management (MRM) ensures that the authority delegated by the Group ALCO and GRC with regard to market risk resulting from the bank's trading activities is exercised effectively, and that exposures are efficiently monitored and managed. Furthermore, MRM limits and monitors the potential impact of specific pre-defined market movements on the profit & loss of trading positions. MRM focuses specifically on activities in Wholesale Clients. Market risk exposures generated by Consumer & Commercial Clients, Private Clients, Asset Management and the bank's subsidiaries are monitored through close liaison with MRM by risk professionals from these (S)BUs. MRM also monitors the market risk of ALCO portfolios maintained by Group Functions. Market Risk Policy is responsible for developing policy and establishing and maintaining a market risk framework within

VaR per Risk Category (99% confidence level, 1 day holding period)

(in millions of euros)	2004 Year-end	2003 Year-end	2004 Average	2003 Average	2004 Maximum	2003 Maximum	2004 Minimum	2003 Minimum
Total per risk type								
Interest rate risk	**18.7**	13.5	**21.6**	17.5	**49.5**	40.4	**10.4**	11.0
Equity price risk	**15.6**	11.0	**14.9**	11.4	**25.9**	18.9	**8.8**	3.8
Foreign exchange risk	**3.7**	2.1	**3.0**	3.3	**7.7**	11.0	**1.0**	0.6
Commodity price risk	**0.8**	0.2	**0.4**	0.3	**2.5**	2.5	**0.1**	0.1
Diversification effect	**(8.3)**	(8.0)						
Aggregate VaR 1	**30.5**	18.8	**26.4**	21.7	**42.2**	34.3	**17.1**	14.1

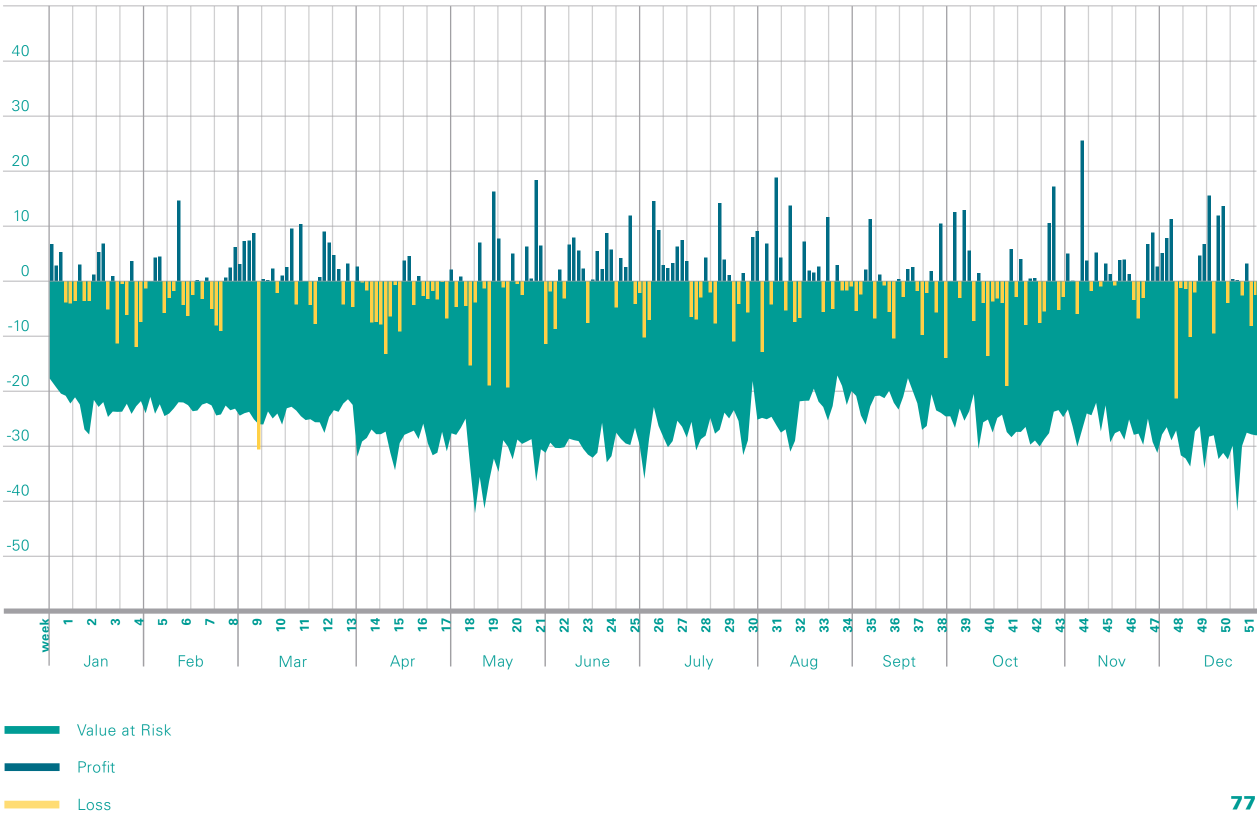
1 *The minimum and maximum for each risk category occured on different days and therefore is not meaningful to the Aggregate VaR. The Aggregate VaR includes the diversification effect that is caused by imperfect or negative correlations between certain risk types and may therefore be lower than the sum of the individual risk types on the same day (year-end)*

the organisation. Market Risk Reporting & Control strives to optimise both the reporting process and the content of the market risk reports.

Value-at-Risk

VaR is a methodology for assessing market risk exposure in a single number. ABN AMRO uses VaR as its primary tool for the day-to-day monitoring of trading-related market risks. VaR is a statistical measure that estimates potential losses, and is defined as the predicted worst-case loss that might be caused by changes in risk factors under normal circumstances, over a specified period of time in the future and at a specific level of statistical confidence. ABN AMRO uses a

Value-at-Risk versus hypothetical Profit & Loss for trading portfolios for 2004 (in millions of euros)



proprietary VaR model that has been approved by the Dutch central bank.

The VaR methodology adopted by the bank for its VaR calculation is Historical Simulation, using four years of equally weighted historical data. The VaR is calculated at a 99% confidence level for a one-day holding period, using relative changes in historical rates and prices. The positions captured by our VaR calculations include derivative and cash positions that are reported as trading assets and liabilities. The VaR is reported on a daily basis per trading portfolio, per product line and for the bank as a whole, and is reported daily to the senior management of the BUs, GRM and the responsible members of the Managing Board.

Although the VaR represents a good estimate under normal market circumstances, it fails to capture 'one-off' events. The effectiveness of VaR can be assessed through a technique known as back-testing, which counts the number of days where the losses were bigger than the estimated VaR figures for those days. Statistically, with a 99% confidence level, it may be expected that on one out of every 100 trading days a loss exceeding the VaR occurs. The back-testing is performed both on the actual profit and loss (P&L) and on a hypothetical P&L, which measures a P&L excluding the effect of commissions, origination fees and intra-day trading. The results of the back-testing on the actual and the hypothetical P&Ls are reported to the Dutch central bank on a regularly basis. Back-testing is an essential instrument for the ex post validation of our internal VaR model.

Additional Control Measures

The VaR measure is supplemented by a series of stress test scenarios and sensitivity stress tests that shed light on the behaviour of a portfolio and the impact on the P&L under extreme market movements. Sensitivity stress tests and stress test scenarios have been developed internally to reflect specific characteristics of the bank's portfolios. The stress test scenarios and sensitivity stress tests are performed daily for each trading portfolio and at several levels of aggregation.

Sensitivity stress tests

This category of stress tests is based on parallel movements either in one particular risk factor or simultaneously in a number of risk factors. The tests are applied to each trading portfolio. The following stress tests have been developed and implemented:

- *Stressed Delta:* This test calculates the potential loss (profit) that might be incurred by the portfolio as a result of a large parallel move in the respective risk factor. For the interest rate sensitive portfolios, this test is calculated by applying a series of parallel shifts in the yield curve
- *Stress Matrices:* These tests aim to analyse the potential loss (profit) as a result of simultaneous movements in the underlying market price (stock price or FX rate) and volatility of this risk factor, and are designed in the form of scenario matrices
- *Curvature stress:* This test analyses the potential change in the value of interest rate-sensitive portfolios due to convexity effects embedded in these portfolios. It is measured by calculating differences between the linearly extrapolated delta (through a series of shifts in the interest rate) and the results of the full revaluation of the portfolio, assuming parallel shifts in the yield curve
- *Czech Koruna scenario:* This test is to analyse the potential change in the value of interest rate-sensitive portfolios in emerging market currencies due to an extreme non-parallel move (inverted curve) as a result of a liquidity crisis, as was seen in 1997 in the Czech Koruna market.

Limits are in place for each of the stress tests listed above. The stress test calculations and the limit monitoring are performed on a daily basis.

Stress test scenarios

The bank uses two types of scenario analysis, applied at the overall bank level:

1 *Historical scenarios.* In this category, bank-wide stress test scenarios are created based on events of significant disturbance in financial markets that actually took place in the past. Examples of historical stress tests scenarios include the stock market crash (1987), bond market crash (1994), emerging markets crisis (1997), financial market crisis (1998) and WTC attacks (2001).

For each of the scenarios a checkpoint level is put in place, serving as a trigger for discussions and/or actions in cases where this checkpoint level is exceeded. The scenario calculations and monitoring of checkpoint levels are performed on a daily basis.

2 *Hypothetical scenarios.* In this category we construct shocks that are deemed plausible in the future. Currently, no hypothetical scenarios are calculated. Examples of scenarios calculated in the past are 'Euro blow-up' and 'Y2K'.

Eligibility of actual events for scenario creation

Other control measures used in the market risk management process include limits on net open positions, interest rate sensitivity per basis point, spread sensitivities, option parameters, position concentrations and position ageing. These non-statistical measures help us to monitor and control trading risks. In addition, we have concentrated our trading activities in the Amsterdam, Chicago, Hong Kong, London, New York and Tokyo offices to facilitate more centralised risk management control and monitoring. Given its worldwide coverage and diversified overall portfolio, ABN AMRO as a whole is generally not very sensitive to sudden sharp market movements.

Asset and Liability Management

Interest rate risk on banking book

One of GALM's core objectives is to manage the sensitivity of the bank's net interest revenue to changes in market interest rates. Group ALCO sets limits to ensure that the potential adverse impact of market movements on trading and non-trading earning is closely controlled. The way we manage and monitor trading-related interest rate exposure is set out in the Market risk section, starting on page 76.

Several measures are used to monitor and limit non-trading interest rate risk. The methods employed include scenario analysis, interest rate gap analysis and market value limits. Model-based scenario analysis is used to monitor the interest rate risk positions denominated in euros, Brazilian reals and US dollars in Europe, Brazil and the US respectively. Interest rate risk positions in other currencies and other countries are managed by gap analysis and/or market value limits, as these positions are typically less complex.

Net interest revenue is the sum of interest received less interest paid. Calculating this involves large volumes of contracts and transactions, and numerous different products. We use simulation models and estimation techniques to assess the sensitivity of the net interest revenue stream to movements in the shape and level of the yield curve. Assumptions about client behaviour play an important role in these calculations. This is particularly relevant for loans such as mortgages where the client has the right, but not the obligation, to repay before the scheduled maturity.

On the liability side, the repricing characteristics of savings and deposits are based on estimates, since the rates attached to these products are not coupled to a specified market rate. We use a statistical approach for forecasting and sensitivity analyses because it is best suited to these products. Although comparable in many ways with macroeconomic forecasting, this approach is based on the information in individual client contracts.

The sensitivity of net interest revenue to interest rate changes is assessed by assuming a gradual parallel shift (ramp) up and down in the term structure of interest rates during a period of 12 months. Our sensitivity analysis indicates that such a movement would lead to a reduction of our net interest revenue during this period.

Yield curve shock	1st year effect on net interest revenue
200 basis points up	– 4.2%
100 basis points down	– 0.2%

This analysis is based on our positions as of 31 December 2004, and is subject to assumptions, including an assumption on expected client behaviour under these changing circumstances.

Interest rate risk associated with our US residential mortgage business

ABN AMRO is among the top 15 residential mortgage originators and the top ten residential mortgage servicers in the US. We sell or securitise most of the mortgage loans we originate and retain a majority of the rights to service the residential mortgage loans we sell. The bank recognises a Mortgage Servicing Right (MSR) upon sale of the loan. MSRs represent the present value of the estimated future net servicing cash flows realised over the estimated life of the loan.

The US residential mortgage banking industry is subject to complex risks. Our credit risk is minimal because ABN AMRO sells or securitises most of the residential mortgage loans it originates. However, the sensitivity of origination income and mortgage servicing right values to changes in interest rates may have a significant impact on earnings. Although generally mortgage origination businesses and mortgage servicing businesses provide a partial natural offset, the timing of income recognition could impact earnings.

If interest rates are high or rising, residential mortgage loan demand may decline, leading to a fall in origination income. However, high or rising interest rates may lead to lower servicing prepayments and a corresponding reduction in servicing amortisation costs and, therefore, an increase in servicing income. Conversely, if interest rates are low or falling, as in 2002 and 2003, residential mortgage loan demand may increase and origination income may go up. However, it is likely that low or declining interest rates would increase servicing portfolio prepayments and related servicing amortisation costs and decrease servicing income.

If declines in interest rates are significant enough, accelerated mortgage loan refinancing and related increases in prepayments may cause declines in the value of existing mortgage servicing rights and lead to provisions for impairment. These impairment provisions may be offset by higher future origination income, but the magnitude of the impairment provision and the higher origination income may differ. In addition, the timing of income recognition may not exactly match: the servicing provision is charged to net income immediately upon a rate change, but the higher origination income would occur over time. As a result, the size of any provision could be material to earnings in any one quarter, even if there are other offsetting sources of earnings over a full 12-month period.

ABN AMRO employs various strategies to manage the risk to net mortgage revenue over time from all sources and to manage the risk to an immediate reduction in the fair value of its mortgage servicing rights. BU North America manages these risks within parameters established by Group ALCO. The hedge instruments we mainly utilise are interest rate swaps and forward sales contracts. From time to time other derivative instruments such as interest rate futures, caps, floors or purchased options to enter interest rate swaps may be employed. Occasionally cash instruments such as mortgage-backed securities are utilised as hedges for MSR assets.

As part of the overall management of interest rate risk, ABN AMRO takes into account the modulations in mortgage origination income that result from changes in interest rates. The origination side of the business, from interest rate lock commitment to loan sale, is hedged on an economic basis. MSRs are also hedged under a programme designed to limit exposure to the impact which interest rate volatility might have on the fair value of the MSR assets.

The valuation of mortgage servicing rights is important to the BU North America's results and, because of the inherent uncertainties, requires complex judgement. Economic factors considered in estimating the fair value of MSRs include interest rates, discount rates, prepayment speeds, geographic characteristics, servicing costs and ancillary income. Mortgage loan prepayment rates are revised monthly, and are derived from a third party model. In addition, management uses the sale of mortgage servicing rights and regular valuations by various third party brokers to compare its valuation assessments with market data.

Currency risk

Currency risk exposures arise from investments in the bank's overseas operations or through trading activities. We have put in place a comprehensive risk management framework to manage and limit the currency risk. Group ALCO is responsible for the coordination of our currency risk policies.

In trading portfolios, exposure to exchange rate movements is managed through market risk limits based on VaR. Any short or long positions are monitored to ensure compliance with the limits established by GRC. The management and monitoring of market risk, including currency risk, in our trading portfolios is set out in the Market Risk section on pages 76 to 79.

Non-trading currency risk

We apply various hedging strategies to net investments in our overseas operations and to their profits in order to minimise any adverse effects from translating the relevant foreign currency into euro.

- *Ratio hedge*

The bank's BIS-ratios (tier 1 and total capital as a portion of RWA) are protected against fluctuations in the EUR/USD rate. As both capital and RWA are subject to foreign currency translation, this is done by maintaining the BIS ratios for US dollar elements at a level close to the overall BIS ratios.

- *Capital hedge*

Investments in overseas operations in currencies other than US dollar are hedged selectively. We consider using hedging in cases where the expected currency loss is larger than the interest differential between the two currencies (the interest rate differential represents the cost of the hedge). Gains and losses on these capital exposures are taken through equity, as is the cost of hedging.

The position as of 31 December 2004 implies that a hypothetical increase in the value of the euro against all other currencies would have led to a reduction in reserves, and vice versa.

Euro against all other currencies	Effect on shareholders' equity
+10%	– 447 million
– 10%	+ 447 million

On this basis, there would have been no material impact on the bank's BIS-ratios, as the ratios are hedged against changes in the EUR/USD exchange rate.

- *Profit hedge*

Profits are also hedged on a selective basis to lessen the impact of currency movements on the profit and loss account. The criteria for deciding on profit hedging are similar to those for capital hedging. In August 2004 an additional 17% of the expected net USD profit for 2004 was hedged, thereby increasing the average rate of the hedges from USD 0.9563 to USD 0.9929 per Euro. The expected US dollar profit for 2005 has been hedged at a rate of USD 1.1625 by using a combination of forwards, options and a collar. The expected US dollar profit for 2006 has been hedged for 80% at a rate of 1.2130 by call options.

Liquidity risk

Liquidity risk arises in any bank's general funding of its activities. For example, a bank may be unable to fund its portfolio of assets at appropriate maturities and rates, or may find itself unable to liquidate a position in a timely manner at a reasonable price. We hold capital to absorb unexpected losses, and manage liquidity to ensure that sufficient funds are available to meet not only our known cash funding requirements, but also any unanticipated ones that may arise. At all times, we maintain what we believe are adequate levels of liquidity on a Group-wide basis to meet deposit withdrawals, repay borrowings and fund new loans, even under stressed conditions.

As part of our liquidity management, we securitised our Dutch home mortgages and retained most of the resulting notes. As a result, ABN AMRO now owns additional securities that are eligible as collateral for the Dutch central bank, resulting in a direct improvement of some EUR 13 billion in our liquidity. Unlike the US federal banking authorities, the Dutch central bank does not directly accept mortgages as collateral. The securitisation does not have an impact on our solvency or on the balance sheet presentation of the underlying securitised mortgages. If and when required, these notes can be sold in the market

We manage liquidity on a daily basis in all the countries in which we operate. Each national market is unique in terms of the scope and depth of its financial markets, competitive environment, products and customer profile. So our local line management is responsible for managing our local liquidity requirements under the supervision of Group ALCO.

On a day-to-day basis our liquidity management depends on, among other things, the effective functioning of local and international financial markets. As these conditions do not always apply, we have Group-wide contingency funding plans. These plans are implemented if there is a dramatic change in our normal business activities or in the stability of the local or international financial markets. The Group Strategic Funding Committee has full authority to manage such a crisis. As part of this liquidity management contingency planning, we assess potential trends, demands, commitments, events and uncertainties that could reasonably result in increases or decreases in our liquidity. More specifically, we consider the impact of these potential changes on our sources of short-term funding and long-term liquidity planning.

As we have entered into committed credit facilities, our liquidity management process also involves assessing the contingencies inherent in these types of transactions, in terms of their potential effect on our normal sources of liquidity and finance.

Operational risk

Framework and governance structure

Operational risk is the risk of losses resulting from inadequate or failed internal processes, human behaviour and systems or from external events. This risk includes operational risk events such as IT problems, shortcomings in the organisational structure, lapses in internal controls, human errors, fraud, and external threats.

ABN AMRO has instituted a Group Operational Risk Policy and a Group Risk Framework, which together outline tasks and responsibilities at each organisational level. The Group Operational Risk Management (ORM) Committee is responsible for establishing Group policies and standards on ORM and oversees the ORM activities throughout ABN AMRO, including preparations to qualify for Advanced Measurement Approaches (AMA) under Basel II. The Group ORM Committee is chaired by ABN AMRO's CFO, and is composed of the COOs and CROs of each (S)BU and the senior managers from the relevant Group Functions.

The guiding principle in ORM is that management at all levels is responsible for directing and managing operational risks. ORM managers are assigned throughout the bank to assist line management in fulfilling this responsibility.

ORM programmes and tools

Information is necessary to enable line management to identify and analyse operational risks, to implement mitigating measures and to determine the effectiveness of mitigating measures. ABN AMRO has implemented, or is in the process of implementing, a number of programmes and tools to support line management. These include:

- *Risk Self-Assessment (RSA)*
A structured approach which assists line management in identifying and assessing risks and in taking mitigating actions for risks which are identified as unacceptable. Risks are assessed with the assistance of facilitators (in most cases these are ORM staff)
- *Corporate Loss Database (CLD)*
A database that allows for the systematic registration of operational risk losses. It is mandatory for all BUs to report losses above the EUR 5,000 threshold into the Corporate Loss Database. This tool assists the senior management in their analysis of operational risks. The use of internal loss data is one of the qualifying criteria for AMA under Basel II and will form the basis for calculating regulatory and economic capital
- *External Loss Data (ELD)*
ABN AMRO is a founding member of Operational Risk eXchange (ORX), an international data consortium set up in 2003. External loss data is used to perform benchmark analyses and, in the future, it will also be used to perform scenario and stress analyses
- *Other Risk Approval Process (ORAP)*
A comprehensive approval process that includes an explicit assessment of the operational, legal and reputation risks inherent in all new business proposals. The process includes sign-off by relevant parties and approval by an appropriate committee
- *Key Risk Indicators (KRI)*
An approach used to indicate possible changes in the operational risk profile. Key risk indicators allow for a trend analysis over time and trigger escalation procedures
- *Key Operational Risk Control (KORC)*
A reference guide that provides clear descriptions of the typical key risks and the required controls for a set of defined standard processes. These descriptions contribute to

improved risk awareness and provide input for the Risk Self-Assessment.

In 2001 ABN AMRO established an economic capital process for Operational Risk. For 2005 this process will be more closely aligned to the future AMA approach, meaning that there will be more reliance on internal loss data.

ABN AMRO's results and financial condition may be affected by uncertain or unfavourable economic, market, legal and other conditions, as also described in this chapter and in other parts of this Annual Report. A full description of risk factors is included in our 20-F filing with the US Securities and Exchange Commission and is available on our website, www.abnamro.com.

Sustainable development

Making a commitment

In everything we do across the Group, our main objective is to create sustainable value for our clients, employees and shareholders. To help us achieve this aim, we run our business responsibly with integrity and openness. This in turn means that we also consider the interest of other stakeholders in society, by taking environmental, social and ethical issues into account and looking after the interests of future generations.

We recognise that our role of allocating capital between various activities brings a duty of responsible conduct and engagement. Our licence to operate depends on the trust of our clients, employees, shareholders, governments, supervisors and society at large. Integrity and transparency are indispensable to winning and retaining this trust. We have learned that an active engagement with our stakeholders is a rich source of information and understanding, which enables us to be a well-informed and valued business partner for our clients.

Making choices

Whatever choices we face, we know that focusing on the areas where we can have the most impact is crucial to our effectiveness in terms of fostering and encouraging sustainability. The combination of our responsibility towards society and our business objectives require us to make balanced and transparent decisions. We believe sustainable development is the right way forward, and we have put this belief into effect by allocating dedicated resources to support sustainability throughout our organisation.

Making it happen

We are determined to improve our sustainability performance continuously – not least because we know this will improve our business. However, our commitment to sustainability inevitably raises challenging dilemmas for us. We do not pretend to have all the answers, but we will not avoid difficult issues.

We are proud to have received recognition for our efforts in the field of sustainable development in 2004. During the year, ABN AMRO was singled out by several independent rating agencies and institutions for its sustainability performance. Most notably ABN AMRO:

- Received the Bracken Award from the Financial Times and The Banker magazine for 'Corporate Social Responsibility Bank of the Year 2004'
- Was selected as market sector leader in the Dow Jones Sustainability Index – STOXX for 2004
- Was ranked number one for the transparency of sustainability reporting among 175 companies reviewed by the Dutch Ministry of Economic Affairs.

In 2005 we will continue to incorporate sustainable development into our working environment and business processes throughout the bank. In this respect, we have identified the following sustainability initiatives:

• A bank-wide programme aimed at raising staff awareness and building skills
• Further policy development and implementation for sensitive sectors
• New business developments related to sustainability
• Introduction of an annual sustainability theme, which will be 'climate change' for 2005
• Identification of sustainable development opportunities which will catalyse knowledge building and client solution providing
• Extending our sustainable development infrastructure via performance contracts, policies, and measurement.

Sustainability Report

Our 2004 Sustainability Report is being published alongside this 2004 Annual Report.

You can find more information on sustainable development at ABN AMRO at www.abnamro.com.

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