

Prospectus dated 5 January 2009



## **F. van Lanschot Bankiers N.V.**

(incorporated in the Netherlands with its statutory seat in 's-Hertogenbosch)

### **Euro 5,000,000,000 Debt Issuance Programme**

Under this EUR 5,000,000,000 Debt Issuance Programme (the '**Programme**'), F. van Lanschot Bankiers N.V. (the '**Issuer**' or the '**Bank**') may from time to time issue notes denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below) (the '**Notes**', which expression shall include Senior Notes and Subordinated Notes (each as defined below)).

Subject as set out herein, the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed EUR 5,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes will be issued on a continuing basis to one or more of the Dealers specified below and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a 'Dealer' and together the '**Dealers**'). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the '**relevant Dealer**' in respect of those Notes.

Notes issued under the Programme have been rated A for long term Senior Notes, F1 for short term Senior Notes and A- for long term Subordinated Notes (Tier 2) by Fitch Ratings Ltd. ('**Fitch**') and A for long term Senior Notes, A-1 for short term Senior Notes and A- for dated Subordinated Notes by Standard & Poor's Ratings Services ('**Standard & Poor's**'). Fitch and Standard & Poor's shall rate Subordinated Tier 3 Notes on a case by case basis. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the above ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes of each Tranche (as defined below) will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Note which will be deposited on or about the issue date thereof either (i) if the Notes are intended to be issued in new global note ('**NGN**') form, with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('**Euroclear**') and Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**') or (ii) if the Notes are not intended to be issued in NGN form, (a) with a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system or (b) with the Netherlands Centraal Instituut voor Giraal Effectenverkeer B.V. ('**Euroclear Netherlands**'). See the section '*Form of the Notes*' herein.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplement to this Base Prospectus for Notes listed on a stock exchange and/or offered to the public in a Relevant Member State, if required or deemed desirable, will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Base Prospectus has been approved by the Netherlands Authority for the Financial Markets ("*Stichting Autoriteit Financiële Markten*") (the '**AFM**'), which is the Netherlands competent authority for the purpose of Directive 2003/71/EC (the '**Prospectus Directive**') and relevant implementing measures in the Netherlands, as a Base Prospectus issued in compliance with the Prospectus Directive and the prospectus regulation based thereon and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date hereof. Application has been made for Notes issued under the Programme to be listed on Euronext Amsterdam by NYSE Euronext ('**Euronext Amsterdam**').

The AFM has been requested to provide the Luxembourg Commission de Surveillance du Secteur Financier (the '**CSSF**') and the Commission Bancaire, Financière et des Assurances in Belgium (the '**CBFA**') with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive and the Prospectus Regulation and the relevant implementing measures in the Netherlands. Notes issued under the Programme may be listed on Euronext Amsterdam, the regulated market of the Luxembourg Stock Exchange or any other stock exchange specified in the applicable Final Terms. In relation to Notes listed on Euronext Amsterdam and the regulated market of the Luxembourg Stock Exchange, this Base Prospectus is valid for one (1) year as of the date hereof. Unlisted Notes may also be issued under the Programme.

The AFM may be further requested to provide other competent authorities in the European Economic Area with a certificate of

approval so that application may be made for Notes issued under the Programme to be admitted to trading on other regulated markets. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

*Arranger for the Programme*

**RABOBANK INTERNATIONAL**

*Dealers*

**DZ BANK AG**

**Fortis Bank**

**Rabobank International**

**BNP PARIBAS**

**Credit Suisse**

**F. van Lanschot Bankiers N.V.**

**Landesbank Baden-Württemberg**

**The Royal Bank of Scotland plc**

**WestLB AG**

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## SUMMARY OF THE BASE PROSPECTUS

*This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Civil liability attaches to the Issuer, being the person who has tabled the summary, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Words and expressions used but not defined or construed in this summary, have the same meaning as defined in 'Terms and Conditions of the Notes' or elsewhere in this Base Prospectus.*

### **The Issuer**

F. van Lanschot Bankiers N.V. is a public company with limited liability ("naamloze vennootschap") and is incorporated under the laws of the Netherlands and established in 's-Hertogenbosch with a history going back to 1737. The Issuer is authorised by the Dutch Central Bank ("De Nederlandsche Bank N.V.") (the **Dutch Central Bank**) to pursue the business of a bank ("bank") in the Netherlands. For the purpose of market conduct supervision, the Issuer is in addition supervised by the AFM.

### **Shareholders of the Issuer and Van Lanschot N.V.**

All outstanding shares in the share capital of the Issuer are held by the holding company Van Lanschot N.V. The authorised share capital of the Issuer consists of 400,000 shares of €100 each. All shares are nominative shares. Share certificates have not been issued. All 400,000 shares are held by Van Lanschot N.V. and have been fully paid-up.

The authorised share capital of Van Lanschot N.V. consists of 135,000,000 shares of €1 nominal value each, and is divided into preference shares A, B and C and ordinary shares A and B. Preference shares C have not been issued. Preference shares A en B have been issued since 29 December 2008, as explained below. The outstanding ordinary share capital of Van Lanschot N.V. on the date of this Base Prospectus amounts to €35,190,177 and is divided into 20,461,670 ordinary A shares and 14,728,507 ordinary B shares. On 1 December 2008, Van Lanschot N.V. has announced that it plans to issue 1,379,311 preference A shares and 2,068,965 preference B shares. The shareholders have given permission to this issue in the Extraordinary Meeting of Shareholders which was held on 17 December 2008. On 29 December 2008, 1,379,311 preference shares A and 2,068,965 preference shares B were issued to institutional and private investors. All the preference shares A were directly issued to investors, the identity of which has not been disclosed. All the preference shares B were issued to a holding company named Pref B Van Lanschot Participatie NV, which sole purpose is to hold the preference B shares. Pref B Van Lanschot Participatie NV holds 5,35% of the total issued share capital of Van Lanschot NV. This structure allows the investors to benefit from the participation exemption ("deelnemingsvrijstelling"). The identity of the investors that participate in Pref B Van Lanschot Participatie NV has not been disclosed. After the issue of the preference shares 1,379,311 preference shares A and 2,068,965 preference shares B are outstanding. The amount of the outstanding ordinary shares A and B remained unchanged. The ordinary B shares are held by a number of large shareholders. Under the Articles of Association, the transfer of ordinary B shares is subject to the prior approval of the Supervisory Board and the Board of Managing Directors. The ordinary A shares are held by Stichting Administratiekantoor van gewone aandelen A Van Lanschot (the 'Trust'), which has issued depositary receipts for these shares. These depositary receipts are listed on Euronext Amsterdam. The issuing of depositary receipts does not have a protective nature. In line with the Dutch Corporate Governance Code, the Trust grants holders of depositary receipts a voting right at any time. The depositary receipts and Trust only exist so as to sufficiently protect the interests of small holders of depositary receipts, insofar as they do not exercise their voting rights themselves. In that case, the Trust exercises the voting right in the interest of such holder of depositary receipt. A depositary receipt can be converted into the underlying ordinary A share without any restrictions. The board of the Trust consists of four members and is independent from Van Lanschot. The Trust collects the dividends for the account of the holders of the depositary receipts and distributes the dividends directly to the holders of the depositary rights. The ordinary shareholders are mentioned in

the table below.

**Ordinary shareholders Van Lanschot N.V.**

		Interest in ordinary shares A plus ordinary shares B
Friesland Bank NV		27.03
ABP		9.98
Delta Lloyd NV		31.65
La Dou du Midi BV		12.57
Management and Staff		4.41
SNS		5.25
Other		9.10
Total ordinary Shares A and B	35,190,177	100.00

**Business overview**

The Bank's services mainly focus on high net-worth individuals and entrepreneurs. In addition, the Bank's subsidiary Kempen & Co N.V. (**'Kempen & Co'**) also concentrates on the institutional market and offers investment services. Under the "Van Lanschot Kempen" brand, the Bank focuses on the top segment of high net-worth individuals (> €5 million). Furthermore, the Bank offers financial services specifically for the healthcare sector under the "CenE Bankiers" brand.

The Bank's services are organised into four business segments: Private Banking, Asset Management, Business Banking and Corporate Finance and Securities.

The services to high net-worth individuals revolve around wealth creation and protection. In this context, the Bank is able to offer a wide range of products and services. The Bank applies the principle of open architecture when offering products to clients, which means offering third-party products when this is in the client's interest. In the corporate sector, the Bank seeks to meet the private and professional needs of business owners and managers. The main clients are family businesses and their directors/majority shareholders, as well as medium sized enterprises. In the institutional market, the Bank mainly focuses on comprehensive fiduciary investment solutions.

The Bank consciously chooses a size which guarantees the right balance between complete and high-quality services and a personal approach, with short communication lines. The Bank aims to be attentive and responsive to its clients' needs, while also offering a high degree of flexibility and discretion. Personal relationships are paramount. In business banking, co-entrepreneurship is the main ingredient of its client relationship. For this reason, most of the clients of the Bank expressly choose to bank with the Bank. The Bank greatly values its independence, being the cornerstone of its business model, in which the Bank puts the interests of its clients before all others. Therefore, the Bank's actions are guided by its clients' interests.

The Bank has 32 branches in the Netherlands, which means that the Bank is represented in most of the country's big towns and cities. This network allows the Bank to offer all financial services throughout the country. In addition, the Bank has eight branches in Belgium, giving the Bank a solid presence in the country's Dutch-speaking region and in Brussels. Unlike the operations in the Netherlands, Van Lanschot Belgium focuses exclusively on high net-worth individuals and institutional investors. Furthermore, the Bank has branches on Curaçao, on Jersey, in Luxembourg and Switzerland (2) to serve its private clients elsewhere.

The Bank continues to invest in people, advanced ict solutions and in product and service concepts that meet its clients' needs. This allows the Bank to build a long-term relationship with its client. The investments that the Bank needs to make require a certain critical mass. At the same time, the personal approach imposes limits on how large the Bank can be.

The Bank aims to achieve organic growth (in terms of both the size of its client base and services and products sold), in addition to making selective acquisitions where necessary.

### **The executive board**

The members of the Board of Managing Directors of the Issuer are F.G.H. Deckers (Chairman), P.A.M. Loven, I.A. Sevinga and P.R. Zwart. The supervisory board of the Issuer consists of seven members, which are listed in the section 'F. van Lanschot Bankiers N.V.' of this Base Prospectus.

### **Funding of the Issuer**

The Issuer's need for market funding generally varies between €500 million to 1 billion equivalent per annum. The net proceeds of the issue of each series of notes will be used by the Issuer for general corporate purposes.

### **Financial information relating to the Issuer and Van Lanschot N.V.**

Van Lanschot N.V.'s consolidated balance sheet and profit and loss account as of 31 December, 2007 are disclosed in the Base Prospectus. The financial information included therein is compared with the restated financial information included in the balance sheet and profit and loss account both as of 31 December 2006. The financial statements for 2007 have been prepared in accordance with IFRS. The financial statements of the Issuer and Van Lanschot N.V. disclosed in this Base Prospectus have been audited for the three financial years preceding the date of this Base Prospectus by Ernst & Young Accountants. Van Lanschot N.V. will also publish unaudited consolidated interim (semi-annual) financial statements. The Issuer's capitalisation (group equity plus subordinated debts plus debt securities) amounts to €3,989,161,000 on 30 June 2008. The indebtedness of the Issuer on 30 June 2008 amounts to €17,778,792,000.

Key Data 2006-2008 of Van Lanschot N.V. (amounts in thousands of euros)

#### **Key data** *Amounts in thousands of euros (consolidated figures)* **2008 2007 2006**

<b>Results</b>	30-06-2008	31-12-2007	30-06-2007	31-12-2006
Income from operating activities	283,009	647,996	335,410	503,973
Operating expenses	203,915	414,746	212,526	286,433
Impairments	6,254	71	(2,328)	2,873
Operating profit before tax	72,840	233,179	125,212	214,667
Net profit	60,206	215,369	101,614	184,488
<b>Balance sheet</b>				
Shareholders' funds attributable to shareholders	1,318,814	1,366,721	1,300,629	1,044,828
Shareholders' funds attributable to holders perpetual loans	310,655	318,133	312,751	322,539
Shareholders' funds attributable to other minority interests	1,745	1,745	-	-
Public and private sector liabilities	15,940,802	14,596,804	13,460,464	11,412,890
Loans and advances to the public and private sector	16,703,039	16,006,235	15,811,224	14,746,139
Total assets	21,767,953	21,718,834	21,406,438	18,739,275
<b>Key figures</b>				
Average number of ordinary shares	34,718,634	34,421,945	34,420,786	31,887,561
Earnings per ordinary share based on	1.58	5.94	2.80	5.48

average number of ordinary shares in euros				
Dividend per ordinary share in euros		3		2.75
Efficiency ratio (%)	72.1	64.0	63.3	57.5
Return on average shareholders' funds (%)	8.2	16.9	15.9	17.4
BIS total capital ratio (%)	11.3	12.0	12.4	13.7
BIS Tier I ratio (%)	8.8	9.0	8.9	10.0
BIS core Tier I ratio	6.6	6.7	6.5	7.3

## Outlook of Van Lanschot N.V.

The following outlook is included in the section 'Outlook' of the semi annual review 2008, which can be obtained from the website of Van Lanschot N.V. at <http://www.vanlanschot.com>.

The Bank continues to invest substantially in its private banking activities. Its strategy is based on the long-term trends, i.e. increasing level of prosperity, population ageing and more and more individual responsibility for the old age provision. In addition, many business transfers will take place in the coming years.

Current market circumstances are extremely difficult and the Bank therefore expects that the second six months of 2008, as in the first half of the year, will see a decline in revenue. It still does not see any signs of the private investors' confidence returning, which will lead to a low level of securities commission in the second half of the year as well. The Bank expects the competitive battle for savings accounts to become even fiercer, putting continued pressure on the margin. The Bank does not expect a sharp rise in impairments. In addition, it expects the increased market rates of interest to be gradually reflected in the debit rates, possibly triggering higher interest income levels in the second half of the year than in the first half of the year.

## Essential characteristics of the Notes and the Programme

The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes under the Programme denominated in any currency (including euro) agreed between the Issuer and the relevant dealer. The aggregate principal amount of the Notes outstanding will not at any time exceed € 5,000,000,000, subject to any duly authorised increase. The aggregate principal amount, any interest rate or interest calculation, the issue price and any other terms and conditions not contained herein with respect to each series of Notes will be established at the time of issuance and set forth in the applicable Final Terms. The Notes may be offered for sale only outside the United States to non-U.S. persons in reliance on and in accordance with Regulation S and in accordance with all applicable laws and regulations.

Application has been made for the Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and Euronext Amsterdam, as the case may be. However, Notes may also be issued under the Programme on an unlisted basis, or admitted to listing, trading and/or quotations as may be agreed between the Issuer and the relevant dealer. The Final Terms applicable to a series of Notes will specify whether or not such series of Notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or on Euronext Amsterdam, as the case may be. At each issue of Notes under the Programme the Issuer will deliver a temporary global note representing the notes, which temporary global note will be exchangeable for either interests in a permanent global note or notes in definitive bearer form. The Senior Notes under the Programme will constitute direct and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer and will have the benefit of a negative pledge and the events of default set out in the "*Terms and Conditions of the Notes*". The Subordinated Notes will constitute unsecured and subordinated obligations of the Issuer and will, subject as set out in the section '*Key Features of the Programme*' below, rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law and those subordinated obligations expressed to be subordinated to the Subordinated Notes. Notes may be redeemable at their principal amount or at such other redemption amount as may be specified in the Final Terms. Early redemption will be permitted for tax reasons as set out in the section '*Terms and Conditions of the Notes*' but will otherwise be permitted only to the extent set out in the Final Terms.

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

The risks specific to the situation of the Issuer that are material for taking investment decisions and that may affect the Issuer's ability to fulfil its obligations under the Notes are limited. The Issuer pursues a prudent risk policy, and risk management and control are important elements of its business operations. In accordance with the risk classification outlined by the Dutch Central Bank, banks such as the Issuer may be subject to liquidity risk, market risk, operational risk, ICT risk, integrity risk, risk of fraud, outsourcing risk and credit risk. With respect to the Issuer's exposure to credit risk the following is noted. The Issuer's loan acceptance policy is directed at maintaining the quality of its loans portfolio. Up to a conservative limit and subject to strict acceptance criteria, the power to approve and renew loans is delegated to branch office management, who are supported in this task by regional credit managers. The power to approve loans in excess of €3 million is reserved to the Central Credit Committee, whose members include the Board of Managing Directors. The Committee also ensures that the loans portfolio has a well-balanced spread. The Bank's loan acceptance policy is directed at maintaining the good quality of its loans portfolio. The non-retail loans and advances portfolio is given a rating, based on certain rating models. For many years now, the Bank has pursued a conservative loan approval policy. The loans portfolio is considered to have a low risk profile, which is partly attributable to the fact that more than half of the loan portfolio consists of home mortgages, while exposures outside the Benelux region are limited. The types of risks referred to above and the manner in which the Issuer aims to manage these risks are explained in the section 'Risk management' of the annual report 2007, which can be obtained from the website of Van Lanschot N.V. at <http://www.vanlanschot.com>.

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

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

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

### **Notes subject to optional redemption by the Issuer**

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **Supplemental information**

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference, save that the Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identify satisfactory to the relevant Paying Agent. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus. In addition, such documents will be obtained free of charge from the office in Utrecht of Rabobank International in its capacity as Amsterdam Listing Agent for Notes listed on Euronext Amsterdam and from the principal office in Luxembourg of Deutsche Bank Luxembourg S.A. in its capacity as Luxembourg Listing Agent for Notes listed on the regulated market of the Luxembourg Stock Exchange, being: (a) the Articles of Association ("*statuten*") of the Issuer and Van Lanschot N.V., (b) the publicly available audited consolidated annual



financial statements for the two most recent years and the most recent publicly available unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V., (c) the terms and conditions as set forth on page 21 up to and including 41 of the prospectus of the Issuer relating to the Programme dated 6 May 2004 (the '**2004 Terms and Conditions**'), (d) the terms and conditions as set forth on page 31 up to and including 51 of the prospectus of the Issuer relating to the Programme dated 30 August 2005 (the '**2005 Terms and Conditions**'), (e) the terms and conditions as set forth on page 36 up to and including 57 of the prospectus of the Issuer relating to the Programme dated 17 August 2006 (the '**2006 Terms and Conditions**') and (f) the terms and conditions as set forth on page 40 up to and including 61 of the prospectus of the Issuer relating to the Programme dated 23 November 2007 (the '**2007 Terms and Conditions**').

## RISK FACTORS

*Prospective investors should read the entire Base Prospectus.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in the 'Terms and Conditions of the Notes' below or elsewhere in this Base Prospectus have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.*

*As far as the following factors relate to the Issuer, they apply equally to Van Lanschot N.V.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme.**

The risks specific to the situation of the Issuer that are material for taking investment decisions and that may affect the Issuer's ability to fulfil its obligations under the Notes are limited. The Issuer pursues a prudent risk policy, and risk management and control are important elements of its business operations. In accordance with the risk classification outlined by the Dutch Central Bank, banks such as the Issuer may be subject to liquidity risk, market risk, operational risk, ICT risk, integrity risk, risk of fraud, outsourcing risk and credit risk.

*The Issuer's results can be adversely affected by general economic conditions and other business conditions*

The Issuer's results are affected by general economic and other business conditions. These conditions include changing economic cycles that affect demand for investment and banking products, fluctuations in interest rates, monetary policy, consumer and business spending and demographics. Such cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence, industrial output, labour or social unrest and political uncertainty.

Mortgage loans constitute a significant portion of the Issuer's total loan portfolio. A significant downturn in the economy, especially if combined with a drop in property values and increased interest rates, could lead to a decrease in mortgage loans, increased default rates on these loans and may even have an adverse effect on the Issuer's financial condition and/or results of operations.

*The Issuer's performance is subject to substantial competitive pressures that could adversely affect its results of operations*

There is substantial competition for the types of banking and other products and services that the Issuer provides in the Netherlands and the other regions in which the Issuer conducts large portions of its business. Such competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. If the Issuer is unable to provide attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all activities.

### **Risks related to the market generally**

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

### *The secondary market generally*

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

### *Limited liquidity in the secondary market*

The secondary markets are currently experiencing severe disruptions resulting from reduced investor demand for securities such as the Notes and increased investor yield requirements for those securities. As a result, the secondary market for securities such as the Notes is experiencing extremely limited liquidity. These conditions may continue or worsen in the future.

Limited liquidity in the secondary market for securities has had a severe adverse effect on the market value of securities. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of securities, especially those securities that are more sensitive to currency, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor.

### *Exchange rate risks and exchange controls*

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

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

### *Interest rate risks*

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

### *Credit rating risks*

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

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

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

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

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

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

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

#### Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

#### The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Liabilities. 'Senior Liabilities' means (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

#### Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating

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

#### Currency Linked Notes

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated.

Potential investors in any such Notes should be aware that, depending on the terms of the Currency Linked Notes, (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected and (iii) they may lose a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield.

If the amount of principal and/or interest payable are dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified.

The market price of such Notes may be volatile and, if the amount of principal and/or interest payable are dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption date and the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.

#### Commodity Linked Notes

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon the price or changes in the price of a commodity or basket of commodities or where, depending on the price or change in the price of the commodity or basket of commodities, on redemption the Issuer may be obliged to deliver specified assets.

Potential investors in any such Notes should be aware that depending on the terms of the Commodity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the commodity or commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the commodity or the commodities may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of the commodities, the greater the effect on yield.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the commodity or commodities on principal, interest payable or the amount of specified assets deliverable will be magnified.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of the commodities. The price of commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

#### Index Linked Notes, Equity Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities, to movements in currency exchange rates or other factors (each, a '**Relevant Factor**'). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### Fund Linked Notes

##### *General*

The Issuer may issue Notes with principal or interest determined by reference to the value of a fund. Neither the Issuer nor its Affiliates have the ability to control or predict the actions of the Fund Manager and/or the Fund Adviser, as the case may be. The Fund Manager and/or the Fund Adviser are/is not involved in the offer of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes.

The Issuer has no role in the Reference Fund. The Fund Manager and/or the Fund Adviser is responsible for making strategic, investment and other trading decisions with respect to the management of the Reference Fund, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. The manner in which a Reference Fund is managed and the timing of such decisions will have a significant impact on the performance of the Reference Fund. Hence, the price which is used to calculate the performance of the Reference Fund is also subject to these risks. Set out below are the material risks common to any fund or funds and are not specific to the Reference Fund. These risks include:

- (i) the risk that the share price of one or more of the assets in the Reference Fund's portfolio will fall, or will fail to rise. Many factors can adversely affect an asset's performance, including both general financial market conditions and factors related to a specific asset or asset class;
- (ii) general macro-economic or asset class specific factors, including interest rates, rates of inflation, financial instability, lack of timely or reliable financial information or unfavourable political or legal developments;
- (iii) asset allocation policies of the Fund Manager and/or the Fund Adviser;
- (iv) credit quality and the risk of default of one of the hedge funds or of assets generally held in the Reference Fund;

- (v) the risk that the Reference Fund's investment objectives and/or investment restrictions as set out in its constitutive documents are materially changed, not complied with or the method of calculating the Net Asset Value is materially changed;
- (vi) the risk that the Reference Fund is liquidated, dissolved or otherwise ceases to exist or it or its Fund Manager and/or the Fund Adviser is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law; and
- (vii) the risk that the Reference Fund is subject to a fraudulent event.

Prospective investors in the Notes should be aware that the Fund Manager and/or the Fund Adviser will manage the Reference Fund in accordance with the investment objectives of and guidelines applicable to the Reference Fund. Furthermore, the arrangements between the Fund Manager and/or the Fund Adviser and the Reference Fund have, in most cases, not been negotiated at arm's length and it is unlikely that the Fund Manager and/or the Fund Adviser will be replaced or additional fund managers and/or fund advisers will be retained.

Potential investors in any such Notes should be aware that, depending on the terms of the Fund Linked Notes, (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time than expected and (iii) they may lose a substantial portion of their investment.

#### *Use of estimates*

Potential investors should understand that for certain determinations, the Calculation Agent or the Issuer may be required to rely on (a) values that at the time they are required are only estimated values, and (b) information provided by third parties, such as the Fund Adviser or Fund Service Providers, the accuracy of which neither the Issuer nor the Calculation Agent has any control, and as such, they may rely on this information without any obligation to verify or otherwise confirm it.

#### *Changing value*

The value of the Notes may move up or down between the Issue Date and the Maturity Date and an investor in the Notes in the secondary market during that time or on maturity of the Notes may sustain a significant loss. Factors that may influence the value of the Notes include: the value of the Reference Fund; the creditworthiness of the Issuer in respect of the Notes; and those economic, financial, political and regulatory events that affect financial markets generally (including, for example, interest, foreign exchange and yield rates in the market).

#### *Prospective purchasers of the Fund Linked Notes have no rights with respect to the Reference Fund or shares in the Reference Fund*

A prospective purchaser of Notes has no rights with respect to the shares in the Reference Fund including, without limitation, the right to receive dividends or other distributions. None of the Issuer or the Agents or any of their respective affiliates has performed any investigation or review of any entities that manage the Reference Fund for the purpose of forming a view as to the merit of an investment linked to the Reference Fund. None of the Issuer, any Agent or any of their respective affiliates have performed or will perform any investigation or review of any entities that manage the Reference Fund from time to time, including any investigation of public filings of such entities, for the purpose of forming a view as to the suitability of an investment linked to the Net Asset Value per share and they make no guarantee or express or implied warranty in respect of the Reference Fund, the Fund Manager and/or the Fund Adviser or any other entity. Accordingly, investors should not conclude that the issue by the Issuer of the Notes is any form of investment recommendation or advice by any of the Issuer, any agent or any of their respective affiliates.

#### *Fund Linked Notes may have principal protection only on the Maturity Date*

Prospective investors should note that the Notes may have a minimum redemption amount at maturity equal to the Protection Amount. There can be no assurance that the Notes will redeem above the minimum redemption amount.

The return on the Notes will depend on the performance of the Reference Fund. If the value of the Reference Fund does not increase over the term of the Notes, an investor in the Notes will not receive any return on its capital. Furthermore, such an investor will have lost the opportunity to earn the profit that it might have earned on a deposit or any investment in fixed income securities of the same amount and the same duration. If the Notes are redeemed early by the Issuer, investors in the Notes may not be repaid the amount originally invested by them in the Notes.

#### *Fund Linked Notes may not be principal protected*

The investor should note that the Notes may not be principal protected. On the Maturity Date, the Final Redemption Amount per Note may be less than the initial investment amount and purchasers of Notes are exposed to full loss of principal.

#### *Leverage*

Prospective investors should note that the Notes may expose investors to a substantial degree of leverage. This leverage offers the potential for significant profits but also entails a high degree of risk, including the risk of substantial reduction in value of the Index. If the Index Level increases, the current leverage (i.e. the allocation of notional investments in the Index to the Fund Component) may increase and thus increase participation in any further rises in value of the Fund Component. Using the Cash Loan, the allocation to the Fund Component can be increased up to a specified maximum of an amount. If the Index Level falls, to the extent the Cash Loan has been used, the Index will have a leveraged and, therefore, magnified exposure to such fall, which may cause a proportionately higher loss of yield to an investor in a declining market.

#### *Effect of reduction in leverage*

Prospective investors should note that while a reduction in allocation to the Fund Component and reduction of the Cash Loan will protect an investor against reduced performance of the Reference Fund at the time such allocation adjustment is made, should the performance of the shares in the Reference Fund subsequently improve it will not be possible for an investor to take a corresponding advantage unless and until there is a subsequent allocation adjustment between the Cash Component and the Fund Component, which may only happen at prescribed intervals and is subject to delays reflecting the notional liquidity of the shares in the Reference Fund.

#### *No interest may be payable under the Fund Linked Notes*

Prospective investors should note that no interest may be paid on the Fund Linked Notes prior to their redemption date. An investor in the Fund Linked Notes, in the context of its own financial position, must be capable of holding the Fund Linked Notes to maturity with no income stream in the form of interest payments.

As there will be no periodic payment of interest to the Noteholders, any increase in the value of the Index or the Reference Fund, as the case may be, will not be crystallised until the Fund Linked Notes are redeemed, and the Fund Linked Notes may fall in value at any time prior to redemption.

#### *Early maturity*

Prospective investors should understand that, if a Removal Event is applicable, on the occurrence of any of the Removal Events, the Calculation Agent may notionally liquidate all the shares in the Reference Fund notionally comprised in the Fund Component and redeem the Fund Linked Notes early, which could affect the chosen maturity profile of an investors investments.

#### *Credit Linked Notes*

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon whether certain events have occurred in respect of a specified entity (the '**Reference Entity**') and, if so, on the value of certain specified assets of the Reference Entity or where, if such events have occurred, on redemption the Issuer's obligation is to deliver certain specified assets.



Potential investors in any such Credit Linked Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest or principal, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

The market price of such Credit Linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Where the Credit Linked Notes provide for physical delivery, the Issuer may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the Settlement Date or (b) assets which the Issuer and/or any Affiliate has not received under the terms of any transaction entered into by the Issuer and/or such Affiliate to hedge the Issuer's obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Credit Linked Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Credit Linked Notes and as a result, the amount of principal payable on redemption. Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions should apply to the Credit Linked Notes.

The Issuer's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Issuer's and/or any Affiliates' credit exposure to a Reference Entity and the Issuer and/or any Affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

#### Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### Notes issued at a substantial discount or premium

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

#### No claim against any Reference Item

A Note will not represent a claim against any item (a '**Reference Item**') to which the amount of principal and/or interest payable or amount of specified assets deliverable in respect of the Notes is dependent and, in the event that the amount paid by the Issuer or the value of the specified assets delivered on redemption of the Notes is less than the principal amount of the Notes, a Noteholder will not have recourse under a Note to any Reference Item.

An investment in Notes linked to one or more Reference Items may entail significant risks not associated with investments in conventional debt securities, as set out in this section. The amount paid or value of the specified assets delivered by the Issuer on redemption of such Notes may be less than the principal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.

#### *Potential conflicts of interest in relation to hedging*

In the ordinary course of its business, including without limitation in connection with its market-making activities, the Issuer and/or any of its Affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in the Reference Item(s) or related derivatives. In addition, in connection with the offering of the Notes, the Issuer and/or any of its Affiliates may enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its Affiliates, the Issuer and/or any of its Affiliates may enter into transactions in the Reference Item(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be adverse to the interests of the relevant Noteholders.

#### *Other potential conflicts of interest*

Where the Issuer acts as Calculation Agent or the Calculation Agent is an Affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence the amount receivable or specified assets deliverable on redemption of the Notes.

The Issuer and any Dealer(s) may, at the date hereof or at any time hereafter, be in possession of information in relation to a Reference Item that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer or any Dealer(s) to disclose to Noteholders any such information.

The Issuer and/or any of its Affiliates may have existing or future business relationships with an issuer or issuers of any Reference Item(s) (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder.

### **Risks related to Notes generally**

#### *Modification and waiver*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *European Council Directive 2003/48/EC on the Taxation of Savings Income*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the '**EU Savings Directive**'), each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by

certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information of transitorial withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

If a payment were to be made or collected through a Member State which, pursuant to the Directive, has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither a paying agent nor any institution where the Notes are deposited would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

#### *Tax consequences of holding the Notes*

Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in its particular circumstances. See also the sections '*Netherlands Taxation*' and '*Belgium Taxation*'.

#### *Implementation of Basel II risk-weighted asset framework may result in changes to the risk-weighting of the Notes*

The Basel Committee on Banking Supervision published on 26 June 2004 the text of the new capital accord under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework" (the '**Framework**'). The Framework, which places enhanced emphasis on market discipline and sensitivity to risk, serves as a basis for national and supra-national rulemaking and approval processes for banking organisations. The Framework has been put into effect for credit institutions in Europe via the recasting of a number of prior directives in a consolidating directive referred to as the Capital Requirements Directive. The Framework, as published, will affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the Capital Requirements Directive or otherwise by non-EU regulators if not amended from its current form when or if implemented by non-EU regulators). Consequently, potential investors should consult their own advisers as to the consequences to and effect on them of the application of the Framework, as implemented by their own regulator, to their holding of any Notes.

#### *Notes held in global form*

In relation to any issue of Notes which have a denomination of €50,000 (in such case defined as the minimum "Specified Denomination") plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €50,000 (or its equivalent) that are not integral multiples of €50,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination (a '**Stub Amount**') may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination. As long as the Stub Amount is held in the relevant clearing system, the Noteholder will be unable to transfer this Stub Amount.

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg or Euroclear Netherlands, as the case may be.

In relation to any issue of Notes which are expressed to be exchangeable for definitive Notes in circumstances other than an Exchange Event, such notes may only be issued in denominations equal to or greater than € 50,000 (or equivalent) and integral multiples thereof.

### *Change of law and jurisdiction*

The conditions of the Notes are governed by Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice after the date of this Prospectus.

Prospective investors should note that the courts of the Netherlands shall have jurisdiction in respect of any disputes involving any Series of Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against the Issuer in any court of competent jurisdiction. The laws of the Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the Articles of Association ("*statuten*") of the Issuer and Van Lanschot N.V.;
- (b) the publicly available audited consolidated annual financial statements of Van Lanschot N.V. for 2006 and 2007 (including the auditors' reports hereon);
- (c) the publicly available unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. for the first half year of 2008;
- (d) the terms and conditions as set forth on page 21 up to and including 41 of the prospectus of the Issuer relating to the Programme dated 6 May 2004 ;
- (e) the terms and conditions as set forth on page 31 up to and including 51 of the prospectus of the Issuer relating to the Programme dated 30 August 2005;
- (f) the terms and conditions as set forth on page 32 up to and including 52 of the prospectus of the Issuer relating to the Programme dated 17 August 2006;
- (g) the terms and conditions as set forth on page 40 up to and including 61 of the prospectus of the Issuer relating to the Programme dated 23 November 2007; and
- (h) the press release annual results 2007 publicly made available on 20 March 2008.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus. In addition, such documents will be available free of charge from the office in Utrecht of Rabobank International in its capacity as Amsterdam listing agent (the '**Amsterdam Listing Agent**') for Notes listed on Euronext Amsterdam and from the principal office in Luxembourg of Deutsche Bank Luxembourg S.A. in its capacity as Luxembourg listing agent (the '**Luxembourg Listing Agent**') for Notes listed on the regulated market of the Luxembourg Stock Exchange.

The Issuer will, in connection with the listing of the Notes on Euronext Amsterdam or the regulated market of the Luxembourg Stock Exchange, so long as any Note remains outstanding and listed on either such exchange, in the event of a material adverse change in the financial condition of the Issuer which is not reflected in this Base Prospectus or if a significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus arises or is noticed, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes to be listed on Euronext Amsterdam or the regulated market of the Luxembourg Stock Exchange and/or offered to the public in a Relevant Member State. If the terms of this Programme are modified or amended in a manner which would make this Base Prospectus inaccurate or misleading, a new Base Prospectus or a supplement to this Base Prospectus will be prepared.

This Base Prospectus and any supplement will only be valid for issuing Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €5,000,000,000 or its equivalent in other currencies.

For the purpose of calculating the aggregate amount of Notes issued under the Programme from time to time:

- (a) the Euro equivalent of Notes denominated in another Specified Currency (as defined under '**Form of the Notes**' below) shall be determined, at the discretion of the Issuer, as of the date of agreement to issue such Notes (the '**Agreement Date**') or on the preceding day on which commercial banks and foreign exchange markets are open for business in Amsterdam, in each case on the basis of the spot rate for the sale of the Euro

against the purchase of such Specified Currency in the Amsterdam exchange market quoted by any reading bank selected by the Issuer on such date;

- (b) the amount (or, where applicable, the Euro equivalent) of Fixed Rate Notes, Floating Rate Notes, Currency Linked Notes, Commodity Linked Notes, Index Linked Notes, Equity Linked Notes, Fund Linked Notes, Credit Linked Notes, Dual Currency Notes (each as defined under **'Form of the Notes'** below) shall be calculated (in the case of Notes not denominated in Euro, in the manner specified above) by reference to the original nominal amount of such Notes (in the case of Partly Paid Notes, regardless of the subscription price paid); and
- (c) the amount (or, where applicable, the Euro equivalent) of Zero Coupon Notes (as defined under **'Form of Notes'** below) and other Notes issued at a discount or premium shall be calculated (in the case of Notes not denominated in Euro, in the manner specified above) by reference to the net proceeds received by the Issuer for the relevant issue.

## IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties, as specified in the Final Terms, has been accurately reproduced and does not omit anything likely which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly.

Application has been made for certain series of Notes to be issued under the Programme to be listed on Euronext Amsterdam and on the regulated market of the Luxembourg Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined below) of Notes will be set forth in the final terms (the **'Final Terms'**) which will be filed with the AFM if required by the Prospective Directive and its relevant implementing measures in the Netherlands and, if applicable, will be delivered to Euronext Amsterdam and/or the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

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

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section *'Documents Incorporated by Reference'* below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any Final Terms or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any Final Terms nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Accordingly, no representation, warranty or undertaking, expressly or implied, is made and no responsibility is accepted by the Arranger or by the Dealers or any of their respective affiliates in their capacity as such, as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer or Van Lanschot N.V., the sole shareholder of the Issuer.

Each investor contemplating to purchase any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and Van Lanschot N.V. Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall at any time imply that the information contained herein concerning the Issuer and Van Lanschot N.V. is correct at any time subsequent to the date hereof or, as the case may be, the date upon which the Base Prospectus has been most recently amended or supplemented or the balance sheet date of the most recent financial statements deemed to be incorporated by reference into this Base Prospectus or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer and Van Lanschot N.V. during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of Van Lanschot N.V. and any

other relevant publicly available information when deciding whether or not to purchase any Notes.

Neither this Base Prospectus nor any part hereof constitutes an offer or an invitation to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and any Final Terms and the offer or sale of Notes in certain jurisdictions may be restricted by law. The Issuer, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which would permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus (or any part thereof) or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, the Netherlands and Japan (see the section '*Subscription and Sale*' below).

The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any State Securities Commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is unlawful.

In connection with the issue and distribution of Notes under the Programme, the Dealer who is specified in the Final Terms as the Stabilising Manager (or any duly appointed person acting for the Stabilising Manager) in relation to the relevant series of Notes may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of such series at a level higher than that which might otherwise prevail for a limited period. However, there is no assurance that the Stabilising Manager (or any agent of the Stabilising Manager) will undertake stabilising action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the relevant issue date and 60 days after the date of the allotment of the Notes of such series. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and regulations amended from time to time.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the '**Securities Act**'), and certain of the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see the section '*Subscription and Sale*' below).

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a '**Relevant Member State**') will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in



circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

All references in this document to 'U.S. dollars', 'U.S.\$' and '\$' refer to the currency of the United States of America, those to 'Japanese yen', 'yen' and '¥' refer to the currency of Japan and those to 'Euro', 'EUR' and '€' refer to the currency introduced on the 1st of January, 1999 at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended (the **Treaty**).

## KEY FEATURES OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in 'Form of the Notes' and 'Terms and Conditions of the Notes' below, respectively, shall have the same meanings in this overview.*

<i>Issuer:</i>	F. van Lanschot Bankiers N.V., a public company ("naamloze vennootschap") incorporated under the laws of the Netherlands and having its statutory seat in 's-Hertogenbosch.
<i>Van Lanschot N.V.:</i>	The sole shareholder of the Issuer, a public company incorporated under the laws of the Netherlands, and having its statutory seat in 's-Hertogenbosch. Van Lanschot N.V. has issued a written undertaking of joint and several liability pursuant to the Section 403 of Book 2 of the Netherlands Civil Code in respect of, among others, the Issuer.
<i>Description:</i>	Debt Issuance Programme.
<i>Arranger:</i>	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International).
<i>Dealers:</i>	BNP Paribas Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (Europe) Limited DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main F. van Lanschot Bankiers N.V. Fortis Bank NV/SA Landesbank Baden-Württemberg The Royal Bank of Scotland plc and WestLB AG.
<i>Additional Dealers:</i>	Additional Dealers may be appointed by the Issuer under the Programme Agreement.
<i>Regulatory Matters:</i>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see the section ' <i>Subscription and Sale</i> ' below).
<i>Issuing and Principal Paying Agent:</i>	Deutsche Bank AG, London Branch.
<i>Euroclear Netherlands Agent:</i>	F. van Lanschot Bankiers N.V.
<i>Programme Amount:</i>	Up to € 5,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<i>Distribution:</i>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

<i>Currencies:</i>	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Euro, Hong Kong dollars, New Zealand dollars, Sterling, Swiss francs, United States dollars and Japanese yen.
<i>Redenomination:</i>	The applicable Final Terms may provide that certain Notes may be redenominated in Euro. The relevant provisions applicable to any such redenomination are contained in Condition 4.
<i>Maturities:</i>	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant specified currency.
<i>Issue Price:</i>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<i>Form of Notes:</i>	<p>Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a temporary global Note (the '<b>Temporary Global Note</b>') which will be deposited on the relevant Issue Date either (i) if the Notes are intended to be issued in NGN form, with a common safekeeper for Euroclear, Clearstream, Luxembourg or Euroclear Netherlands or (ii) if the Notes are not intended to be issued in NGN form, (a) with a common depositary on behalf of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands and/or any other agreed clearing system or (b) with Euroclear Netherlands. The global Note will be exchangeable as described therein for either a permanent global Note (the '<b>Permanent Global Note</b>' and together with the Temporary Global Note, the '<b>Global Note</b>') or Notes in definitive form (the '<b>Definitive Notes</b>') upon certain conditions including, in the case of a Temporary Global Note where the issue is subject to TEFRA D selling restrictions, upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a Permanent Global Note is exchangeable for Definitive Notes either (i) upon not less than 30 days' notice or (ii) upon the occurrence of an Exchange Event, as described in '<i>Form of the Notes</i>' below. In relation to any issue of notes which are expressed to be exchangeable for definitive notes in circumstances other than an Exchange Event, such notes may only be issued in denominations equal to or greater than €50,000 (or equivalent) and integral multiples thereof. Any interest in a Global Note will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg or Euroclear Netherlands and/or any other agreed clearing system or (ii) Euroclear Netherlands, as appropriate. Definitive Notes to be held in the system of Euroclear Netherlands will be in CF-form as described in '<i>Form of the Notes</i>' below.</p> <p>From 1 January 2007, the central banking system for the euro (the '<b>Eurosystem</b>') have ceased to accept bearer debt securities which are not in NGN form as eligible collateral for the Eurosystem's monetary policy and intra-day credit operations by the Eurosystem. The NGN form has been introduced so that Notes may continue to be issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.</p>

<i>Fixed Rate Notes:</i>	Fixed interest will be payable on the date or dates specified in the applicable Final Terms and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).
<i>Floating Rate Notes:</i>	Floating Rate Notes will bear interest either at a rate determined (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions or the 2006 ISDA Definitions, as specified in the relevant Final Terms (as published by the International Swaps and Derivatives Association, Inc., and to be obtained at the website <a href="http://www.isda.org">http://www.isda.org</a> , and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) as specified in the applicable Final Terms. The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms.
<i>Interest Period(s) or Interest Payment Date(s) for Floating Rate Notes:</i>	Such Period(s) and Date(s) as may be specified in the applicable Final Terms.
<i>Index Linked Interest Notes:</i>	Payments in respect of interest on Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the applicable Final Terms.
<i>Index Linked Redemption Notes:</i>	Payments of principal in respect of Index Linked Redemption Notes will be calculated and made by reference to a single index or a basket of indices and/or such formula as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Final Terms will be redeemed by payment of the Redemption Amount specified in or as determined pursuant to provisions in the applicable Final Terms, or if not so specified, as defined in the Terms and Conditions of the Notes.
<i>Other provisions in relation to Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Dual Currency Interest Notes:</i>	<p>Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Dual Currency Interest Notes may also have a maximum interest rate, a minimum interest rate or both as specified in the applicable Final Terms.</p> <p>Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes and Dual Currency Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms.</p>
<i>Dual Currency Notes:</i>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, and as specified in the applicable Final Terms.
<i>Currency Linked Notes:</i>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Currency Linked Notes will be calculated and made in such currencies, and by reference to such rates of exchange and/or such formula, as may be agreed between the Issuer and the relevant Dealer(s), and as specified in the applicable

Final Terms.

*Commodity Linked Notes:* Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Commodity Linked Notes will be calculated and made by reference to a single commodity or basket of commodities on such terms as may be agreed between the Issuer and the relevant Dealer(s), and as specified in the applicable Final Terms.

*Equity Linked Notes:* *Equity Linked Interest Notes:* Payments of interest in respect of Equity Linked Interest Notes will be calculated and made by reference to a single equity security or basket of equity securities on such terms as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms.

*Equity Linked Redemption Notes:* Payments of principal in respect of Equity Linked Redemption Notes will be calculated and made by reference to a single equity security or a basket of equity securities. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Final Terms will be redeemed by payment of the Redemption Amount specified in the applicable Final Terms or, if not so specified, as defined in the Terms and Conditions of the Notes. Equity Linked Redemption Notes may also provide that redemption will be by physical delivery of the Asset Amount as more fully set out under *Terms and Conditions of the Notes*.

If Potential Adjustment Events and/or De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer and/or Additional Disruption Event are specified as applicable in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed in the event of certain corporate events occurring in respect of the Equity Issuer(s) specified in the applicable Final Terms or, as the case may be, an Additional Disruption Event occurring, in each case as more fully set out under *Terms and Conditions of the Notes*.

*Fund Linked Notes:* *Fund Linked Interest Notes:* Payments of interest in respect of Fund Linked Interest Notes will be calculated and made by reference to a single fund or a basket of funds on such terms as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms.

*Fund Linked Redemption Note:* Payments of principal in respect of Fund Linked Redemption Notes will be calculated and made by reference to a single fund or a basket of funds. Each nominal amount of Notes equal to the lowest Specified Denomination specified in the applicable Final Terms will be redeemed by payment of the Fund Linked Redemption Amount specified in the applicable Final Terms or, if not so specified, as defined in the Terms and Conditions of the Notes.

*Credit Linked Notes:* *Credit Linked Interest Notes:* Notes with respect to which payment of interest is linked to the credit of a specified entity or entities, or to certain events that could occur with respect to such specified entity or entities, will be issued on such terms as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms or the Schedule thereto.

*Credit Linked Redemption Notes:* Notes with respect to which payment of principal is linked to the credit of a specified entity or entities, or to certain events that could occur with respect to such specified entity or entities, will be issued on such terms as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms or the Schedule thereto. If Conditions to Settlement are satisfied during the Notice Delivery Period, the Issuer will redeem the Notes at the Credit Event Redemption

Amount, if Cash Settlement is specified in the applicable Final Terms, or by Delivery of the Deliverable Obligations comprising the Asset Amount, if Physical Delivery is specified in the applicable Final Terms, as more fully set out under *Terms and Conditions of the Notes*

*Zero Coupon Notes:* Zero Coupon Notes will be offered and sold at a discount or at a premium to their nominal amount or at par and will not bear interest other than in the case of late payment.

*Early Redemption:* The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the holders of such Notes (the 'Noteholders') upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period, if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms. The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in the Final Terms. Subordinated Notes may only be redeemed early on receipt of written approval of the Dutch Central Bank by the party seeking to redeem Subordinated Notes early. The Notes are unsecured obligations of the Issuer and will be redeemed in full by the Issuer. For the purposes of *Besluit Prudentiële Regels Wft* of De Nederlandsche Bank N.V. (the '**Dutch Central Bank**') to which the Issuer is subject, Subordinated Notes may qualify as either tier 2 capital ('**Tier 2 Notes**') or tier 3 capital ('**Tier 3 Notes**'), as referred to in *Besluit Prudentiële Regels Wft*.

*Denomination of Notes:* Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

*Protection Amount:* The applicable Final Terms will indicate whether a Protection Amount is applicable to the relevant Notes. If applicable, the Notes will, subject to the applicable Final Terms, in no circumstances be repayable, at the stated Maturity Date, at less than the specified percentage of the nominal amount of such Note as set forth in the applicable Final Terms. For the avoidance of doubt, the Protection Amount will not apply in the event that Notes are redeemed prior to their stated Maturity Date, upon the occurrence of a Tax Call, an Index Adjustment Event, a Potential Adjustment Event or an Event of Default.

*Taxation:* Payments in respect of the Notes will, as specified in the applicable Final Terms, be made either subject to withholding of applicable Dutch taxes (if any) or without withholding or deduction for or on account of taxes levied in the Netherlands, subject to certain exceptions as provided in Condition 13. If the applicable Final Terms provide that payments are to be made subject to withholding of applicable Dutch taxes (if any), it will also specify that Condition 7(b) will not apply to the Notes.

*Negative Pledge:* The Senior Notes have the benefit of a negative pledge given by the Issuer as set out in Condition 2.

*Cross Default:* The Senior Notes have the benefit of a cross default as set out in Condition 15.

*Status of the Senior Notes:* The Senior Notes will constitute unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those

preferred by mandatory provisions of law.

*Status and  
Characteristics relating  
to Subordinated Notes:*

The Subordinated Notes will constitute unsecured and subordinated obligations of the Issuer and will, subject as set out in the following paragraphs, rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law and those subordinated obligations expressed to be subordinated to the Subordinated Notes.

The claims of the holders of the Subordinated Notes of each Series (the 'Subordinated Holders') against the Issuer will:

- (i) in the event of the liquidation ("*ontbinding*") or bankruptcy ("*faillissement*") of the Issuer; or
- (ii) in the event that a competent court has declared that the Issuer is subjected to emergency regulations ("*noodregeling*") as referred to in Article 3:160 of the Act on the Financial Supervision ("*Wet op het financieel toezicht*") and for so long as such situation is in force (such situation being hereinafter referred to as a '**Moratorium**'), be subordinated to (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other subordinated claims.

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

*Rating:*

Notes issued under the Programme have been rated "A" for long term Senior Notes, "F1" for short term Senior Notes, "A-" for long term Subordinated Notes (**Tier 2**) by Fitch Ratings Ltd. (**Fitch**); "A" for long term Senior Notes, "A-1" for short term Senior Notes, "A-" for dated Subordinated Notes by Standard & Poor's Ratings Services (**Standard & Poor's**). Fitch and Standard & Poor's shall rate Subordinated Tier 3 Notes on a case by case basis. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the above ratings assigned to the Notes. *A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.*

An "A" rating by Fitch reflects high credit quality for long-term obligations. A ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings. An "F1" rating by Fitch reflects highest credit quality for short-term obligations and indicates the strongest capacity for timely payment of financial commitments.

An obligation rated "A" by Standard & Poor's is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong. An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on

the obligation. A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

*Listing:*

Application has been made for Notes to be issued under the Programme to be listed on Euronext Amsterdam and on the regulated market of the Luxembourg Stock Exchange. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Dealer in relation to each issue.

Unlisted Notes may also be issued. The applicable Final Terms will state whether or not the Notes are to be listed and, if so, on which stock exchange(s).

*Governing Law:*

The Notes will be governed by, and construed in accordance with, the laws of the Netherlands.

*Selling Restrictions:*

There are selling restrictions in relation to the United States, the United Kingdom, the Netherlands and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See the section '*Subscription and Sale*' below.



## FORM OF THE NOTES

Each Tranche of Notes will (unless otherwise indicated in the applicable Final Terms) be in bearer form and will be initially be represented by a Temporary Global Note (or, if so specified in the applicable Final Terms, a Permanent Global Note), without receipts, interest coupons or talons, which will either

- (i) if the Global Notes are intended to be issued in NGN form, as specified in the applicable Final Terms, be delivered to a common safekeeper (the '**Common Safekeeper**') for Euroclear, Clearstream, Luxembourg or Euroclear Netherlands; and
- (ii) if the Global Notes are not intended to be issued in NGN form:
  - (a) be delivered on or prior to the original issue date of the Tranche to a common depositary (the '**Common Depositary**') on behalf of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands and/or any other agreed clearing system; or
  - (b) be deposited with Euroclear Netherlands.

Whilst any Note is represented by a Temporary Global Note and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) have given a like certification (based on the certifications they have received) to the Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearance and/or settlement system(s) as specified in the applicable Final Terms.

On and after the date (the '**Exchange Date**') which is not less than 40 days nor, in the case of Notes held through Euroclear Netherlands, more than 90 days after the date on which the Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a Permanent Global Note without receipts, interest coupons or talons or for Definitive Notes (as indicated in the applicable Final Terms) in each case (if the Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless (if the Notes are subjected to TEFRA D selling restrictions) upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes improperly withheld or refused. Pursuant to the Agency Agreement (as defined under '*Terms and Conditions of the Notes*' below) the Agent will arrange that, where a Temporary Global Note representing a Tranche of Notes is issued, the Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands which are different from the ISIN and common code assigned to Notes of any other Tranche of the same Series.

Definitive Notes will be either in the standard euromarket form, in K-form (with coupons) and/or in CF-form (with coupon sheets). Definitive Notes and Global Notes will be in bearer form. Notes in K-form may, if applicable, have talons for further coupons attached but will not be issued with receipts attached. Notes in CF-form will have neither talons nor receipts attached on issue and will be governed by the rules of Algemeen Obligatiekantoor van het Centrum voor Fondsenadministratie B.V. in Amsterdam.

Payments of principal and interest (if any) on a Permanent Global Note will be made through the relevant clearing system(s) (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. A Permanent Global Note will be exchangeable (free of charge), in whole (but not in part) in accordance with the applicable Final Terms for security printed Definitive Notes with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made, as specified in the applicable Final Terms, either (i) upon not less than 30 days' written notice being given to the Agent by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands and/or

any other relevant clearing system (acting on the instructions of any of its participants) as described therein or (ii) only upon the occurrence of any Exchange Event. An **'Exchange Event'** means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or Euroclear Netherlands has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (2) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 13 which would not be required were the Notes represented by a Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 19 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands, acting on the instructions of any holder of an interest in the Global Note, may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date of receipt of the relevant notice by the Agent. Global Notes and Definitive Notes will be issued pursuant to the Agency Agreement. At the date hereof, none of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands regard Notes in global form as fungible with Notes in definitive form.

In relation to any issue of notes which are expressed to be exchangeable for Definitive Notes in circumstances other than an Exchange Event, such notes may only be issued in denominations equal to or greater than € 50,000 (or equivalent) and integral multiples thereof.

In case of Notes represented by a Permanent Global Note deposited with Euroclear Netherlands, a Noteholder shall not have the right to request delivery ("*uitlevering*") thereof under the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*") other than in the event of an Exchange Event as described above.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands or any other relevant clearing system, as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The following legend will appear on all Global Notes, Definitive Notes, receipts and interest coupons (including talons) which are subject to TEFRA D selling restrictions:

'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 1650) and 1287(a) of the Internal Revenue Code of 1986.'

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

The following legend will appear on all Global Notes held in Euroclear Netherlands:

'Notice: This Note is issued for deposit with Euroclear Netherlands at Amsterdam, the Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved'.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 15 of the Notes. In such circumstances, where any Note is still represented by a Global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) (other than Euroclear Netherlands) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such Global Note, holders of interests in such Global Note credited to their accounts with the relevant clearing system(s) (other than Euroclear Netherlands) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) (other than Euroclear Netherlands) on and subject to the terms of the relevant Global Note. In the case of a

Global Note deposited with Euroclear Netherlands, the rights of the Noteholders will be exercised in accordance with the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*") and the rules and regulations of Euroclear Netherlands.

## FORM OF FINAL TERMS

*The applicable Final Terms will contain such of the following or other information as is applicable in respect of such Notes (all references to numbered Conditions being to the Terms and Conditions of the relevant Notes):*

*[Date]*

F. van Lanschot Bankiers N.V.

*(incorporated in the Netherlands with its statutory seat in 's-Hertogenbosch)*

### **Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the EUR 5,000,000,000 Debt Issuance Programme**

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a '**Relevant Member State**') will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in item (54) below, provided such person is one of the persons mentioned in item (54) below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>1</sup>

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a '**Relevant Member State**') will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>2</sup>

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 5 January 2009, which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the Prospectus Directive). Terms defined in the Base Prospectus have the same meaning in these Final Terms. [Any reference to the Conditions herein is to the Terms and Conditions set forth in pages [...] up to and including [...] of the Base Prospectus.] The Base Prospectus is available for viewing at the registered office of the Issuer at Hooft Steenweg 27-31, 5211 JN 's-Hertogenbosch, the Netherlands and copies may be obtained from Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Croeselaan 18, 3521 CB Utrecht, the Netherlands and Deutsche Bank Luxembourg S.A., 2 Boulevard Konrad Adenauer, L-1115 Luxembourg, Luxembourg.

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<sup>1</sup> Consider including this legend where a non-exempt offer of Notes is anticipated. (NB. Not relevant for an issue of Notes with a minimum denomination of 50,000 (or its equivalent in another currency)).

<sup>2</sup> Consider including this legend where only a non-exempt offer of Notes is anticipated. (NB. Not relevant for an issue of Notes with a minimum denomination of euro 50,000 (or its equivalent in another currency)).

## PART A - CONTRACTUAL TERMS

*[The following language applies if the first tranche of an issue which is being increased was issued under a prospectus with an earlier date]*

[Terms used herein shall be deemed to be defined as such in [the terms and conditions as referred to on page 21 up to and including 41 of the prospectus of the Issuer relating to the Programme dated 6 May 2004 (the '**2004 Terms and Conditions**') [the terms and conditions as referred to on page 31 up to and including 51 of the prospectus of the Issuer relating to the Programme dated 30 August 2005 (the '**2005 Terms and Conditions**') [the terms and conditions as referred to on page 36 up to and including 57 of the prospectus of the Issuer relating to the Programme dated 17 August 2006 (the '**2006 Terms and Conditions**') [the terms and conditions as set forth on page 40 up to and including 61 of the prospectus of the Issuer relating to the Programme dated 23 November 2007 (the '**2007 Terms and Conditions**') which have been incorporated by reference in, and form part of the Base Prospectus dated 5 January 2009. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 5 January 2009, save in respect of the [2004/2005/2006/2007] Terms and Conditions incorporated by reference therein which are attached hereto. Together, the Base Prospectus and these Final Terms constitute a base prospectus for the purpose of the Prospectus Directive (Directive 2003/71/EC) (the '**Prospectus Directive**'). This document constitutes the Final Terms of the Notes described herein for the purpose of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus.]

*[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

*[Include whichever of the following apply or specify as 'Not Applicable' [N/A]. Note that the numbering should remain as set out below, even if 'Not Applicable' is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

- |    |                                   |   |
|----|-----------------------------------|---|
| 1. | Issuer:                           | F. van Lanschot Bankiers N.V.   |
| 2. | (i) Series Number:                | [...]   |
|    | (ii) Tranche Number:              | [...]   |
|    |                                   | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>                 |
| 3. | Specified Currency or Currencies: | [...]   |
| 4. | Aggregate Nominal Amount:         |   |
|    | (i) Series:                       | [...]   |
|    | (ii) Tranche:                     | [...]   |
| 5. | (i) Issue Price :                 | [...] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in case of fungible issues only, if applicable)] |
|    | [(ii) Net Proceeds                | [...] (required only for issues listed on Euronext Amsterdam)]  |

6. (i) Specified Denominations<sup>3</sup>: [...] (ii) Calculation Amount: [...]
7. (i) Issue Date: [...] (ii) Interest Commencement Date: [...]
8. Maturity Date or Redemption Month: [...] [Fixed rate – *specify date*]
- [Other - Interest Payment Date falling in or nearest to *[specify month]* [(the '**Scheduled Maturity Date**') [subject as provided in Condition 12(d) [./ and] Condition 12(e) [./and] [Condition 12(f)] (*Include for Credit Linked Notes*) (*in the case of Index Linked Notes, Equity Linked Notes or Fund Linked Notes, consider providing for postponement of Maturity Date if (i) the final Valuation Date is postponed by reason of a Market Disruption Event or (ii) there is a Settlement Disruption Event*)
9. Interest Basis: [...] per cent. Fixed Rate]
- [[LIBOR/EURIBOR] +/- [...] per cent.  
[Floating Rate]  
[Zero Coupon]  
[Currency Linked Interest]  
[Commodity Linked Interest]  
[Equity Linked Interest]  
[Credit Linked Interest]  
[Fund Linked Interest]  
[Index Linked Interest]  
[Dual Currency Interest]  
[Non-interest bearing]  
[specify other]  
(further particulars specified below)
10. (a) Redemption/Payment Basis: [Redemption at par]  
[Currency Linked Redemption]  
[Commodity Linked Redemption]  
[Equity Linked Redemption]  
[Index Linked Redemption]  
[Credit Linked Redemption]  
[Fund Linked Redemption]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]
- (b) Protection Amount [Principal Protected/[...] per cent. of the Specified Denomination/Not Applicable]
11. Change of Interest Basis or Redemption/Payment [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]

<sup>3</sup> If the specified denomination is expressed to be euro 50,000 or its equivalent and multiples of a lower principal amount (for example euro 1,000), insert the following additional wording: "Euro 50,000 and integral multiples of [euro 1,000] in excess thereof up to and including [euro 99,000]. No notes in definitive form will be issued with a denomination above [euro 99,000]."

Basis:

12. Put/Call Options: [Put Option]  
[Issuer Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: [Senior/Subordinated (Tier 2/3 Notes)] *(For Tier 2/3 Notes, specify details of subordination provisions)*
- (ii) Domestic Note: [No/Yes]
- (iii) Date of resolutions/authorisations/ approval for issuance of Notes obtained [...]\*
14. (i) Listing: [Euronext Amsterdam/the regulated market of the Luxembourg Stock Exchange/specify other/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [...] with effect from [...].]  
[Not Applicable]  
*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.\*\*)*
- (iii) Estimate of total expenses related to admission to trading: [...]\*
15. Method of distribution: [Syndicated/Non-syndicated]
16. Name and contact details of Calculation Agent: [not applicable/name and contact details]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. **Fixed Rate Note Provisions:** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Fixed Rate(s) of Interest : [...] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]  
*(If payable other than annually, consider amending Condition 5)*
- (ii) Interest Payment Date(s): [...] in each year up to and including the Maturity Date/[specify other] *(NB: Amend in the case of long or short coupons)*

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\*\* Delete if the minimum denomination is EUR 50,000

\* Delete if the minimum denomination is less than EUR 50,000

- (iii) Fixed Coupon Amount(s): [...] per [...] in nominal amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[s] and the Interest Payment Dates to which they relate]*
- (v) Day Count Fraction: Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Eurobond Basis  
360/360  
Bond Basis  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]
- (See General Definitions in Terms and Conditions for alternatives)*
- (vi) Determination Date(s): [...] in each year *[(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: Only relevant for an issue denominated in Euro where Day Count Fraction is Actual/Actual (ISMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/Give details]
- (viii) Other terms or special conditions: [...]

**18. Floating Rate Note Provisions:**

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Specified Period(s)/  
Specified Interest Payment Dates: [...]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ *[specify other]*]
- (iii) Additional Business Centre(s): [...]
- (iv) Manner in which the Rate of Interest is to [Screen Rate Determination/ISDA Determination/ and



	be determined	Interest Amount/specify other]
(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[...]
(vi)	Screen Rate Determination:	[Yes/No]
	– Reference Rate:	[...] <i>(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)</i>
	– Interest Determination Date(s):	[...] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or Euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)</i>
	– Relevant Screen Page:	[...] <i>(In the case of EURIBOR, if not EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)</i>
(vii)	ISDA Determination: [Yes/No]	
	– Floating Rate Option:	[...]
	– Designated Maturity:	[...]
	– Reset Date:	[...]
(viii)	Margin(s):	[+/-] [...] per cent. per annum
(ix)	Minimum Rate of Interest:	[...] per cent. per annum
(x)	Maximum Rate of Interest:	[...] per cent. per annum
(xi)	Floating Day Count Fraction:	[Actual/Actual / Actual/365 / Actual/365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 30E/360 / ISDA Actual/Actual / ISMA Actual/Actual ISDA/Other] <i>(See Condition 5 for alternatives)</i>
(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions	[...]

(xiii) Applicable ISDA Definitions:	[2000/2006] ISDA Definitions[(as amended and supplemented)]
(xiv) Other terms or special conditions:	[...]
<b>19. Zero Coupon Note Provisions:</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining sub- paragraphs of this paragraph)</i>
(i) Accrual Yield:	[...] per cent. per annum
(ii) Reference Price:	[...]
(iii) Any other formula/basis of determining amount payable:	[...]
(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7(g) and (l) apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar denominated).</i>
(v) Other terms or special conditions:	[...]
<b>20. Index Linked Interest Note Provisions:</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Index or Indices:	[Single Index/Basket of Indices] [give details]/[See Schedule]
(ii) Name of Index Sponsor(s):	[give details]/[See Schedule]
(iii) Description of formula to be used to determine the Rate of Interest	[...]
(iv) Provisions for determining the Rate of Interest where calculation by reference to Index or Indices and/or formula is impossible or impracticable:	[Applicable/Not Applicable] <i>[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]</i>
(v) Specified Period(s)/Specified Interest Payment Date(s):	[...]
(vi) Observation Period(s):	[...]
(vii) Observation Date(s):	[...]
(viii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ <i>specify other</i> ]
(ix) Additional Financial Centre(s):	[...]
(x) Minimum Rate of Interest:	[...] per cent. per annum]/[Not Applicable]

(xi) Maximum Rate of Interest: [...] per cent. per annum]/[Not Applicable]

(xii) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Eurobond Basis  
360/360  
Bond Basis  
30E/360 (ISDA  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
Other]

*(See General Definitions in Terms and Conditions for alternatives)*

(xiii) Valuation Date(s): [...] (where Averaging Dates are to be used, ensure all relevant details are included)

(xiv) Valuation Time: [Condition 9(c) applies/(specify if other)]

(xv) Disrupted Day: [Applicable/Not Applicable]

(xvi) Exchange(s): [...]

(xvii) Related Exchange(s): [All Exchanges]/[...]

(xviii) Other terms or special conditions: [...]

**21. Dual Currency Interest Note Provisions:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate of Exchange/method of calculating Rate of Exchange: [[Screen Rate Determination/ISDA Determination/ and Interest Amount/specify other]

(ii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]

(iii) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Eurobond Basis  
360/360  
Bond Basis  
30E/360 (ISDA)

	Actual/Actual (ISMA) Actual/Actual (ISDA) Other]
	<i>(See General Definitions in Terms and Conditions for alternatives)</i>
(iv) Other terms or special conditions:	[...]
<b>22. Currency Linked Interest Note Provisions:</b>	[Applicable/Not Applicable]
	<i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
(i) Relevant Currency:	[...]
(ii) Description of formula to be used to determine the Rate of Interest:	[Give details]/[See Schedule]
(iii) Provisions for determining the Rate of Interest where calculation by reference to the formula is impossible or impracticable	[Applicable/Not Applicable] <i>[If applicable, need to include a description of market disruption or settlement disruption events and adjustments provisions]</i>
(iv) Specified Period(s)/Specified Interest Payment Date(s):	[...]
(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Specify other]]
(vi) Additional Financial Centre(s):	[...]
(vii) Minimum Rate of Interest:	[...] per cent. per annum]/[Not Applicable]
(viii) Maximum Rate of Interest:	[...] per cent. per annum]/[Not Applicable]
(ix) Day Count Fraction:	Actual/Actual Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Eurobond Basis 360/360 Bond Basis 30E/360 (ISDA) Actual/Actual (ISMA) Actual/Actual (ISDA) Other]
	<i>(See General Definitions in Terms and Conditions for alternatives)</i>
(x) Other terms or special conditions:	[...]

23. **Commodity Linked Interest Note Provisions:** [Applicable/Not Applicable]
- [If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Relevant Commodity or Commodities: [Single Commodity/Basket of Commodities][*Give details*]/[See Schedule]
  - (ii) Description of formula to be used to determine the Rate of Interest: [Give details]/[See Schedule]
  - (iii) Provisions for determining the Rate of Interest where calculation by reference to the Commodities and/or formula is impossible or impracticable: [Applicable/Not Applicable] [If applicable, need to *include a description of market disruption or settlement disruption events and adjustment provisions*]
  - (iv) Specified Period(s)/Specified Interest Payment Date(s): [...]
  - (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*Specify other*]]
  - (vi) Additional Financial Centre(s): [...]
  - (vii) Minimum Rate of Interest: [...] per cent. per annum]/[Not Applicable]
  - (viii) Maximum Rate of Interest: [...] per cent. per annum]/[Not Applicable]
  - (ix) Day Count Fraction: [Actual/Actual  
Actual/365  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
Eurobond Basis  
360/360  
Bond Basis  
30E/360 (ISDA)  
Actual/Actual (ISMA)  
Actual/Actual (ISDA)  
  
(See General Definitions in Terms and Conditions for alternatives)]
  - (x) Other terms or special conditions: [...]
24. **Equity Linked Interest Note Provisions:** [Applicable/Not Applicable]
- [If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Underlying Equity or Equities: [Single Underlying Equity/Basket of Underlying Equities]

	[Give details for each class of Underlying Equity:
	(a) Underlying Equity:
	(b) Equity Issuer(s):
	(c) The ISIN/Common Code of Underlying Equities:]/ [See Schedule]
(ii) Description of formula to be used to determine the Rate of Interest:	[Give details]/[See Schedule]
(iii) Provisions for determining the Rate of Interest where calculation by reference to the Underlying Equities and/or formula is impossible impracticable	[Applicable/Not Applicable] <i>[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]</i>
(iv) Specified Period(s)/Specified Interest Payment Date(s):	[...]
(v) Observation Period(s):	[...]
(vi) Observation Date(s):	[...]
(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ <i>[Specify other]</i> ]
(viii) Additional Financial Centre(s):	[...]
(ix) Minimum Rate of Interest:	[...] per cent. per annum/[Not Applicable]]
(x) Maximum Rate of Interest:	[...] per cent. per annum/[Not Applicable]]
(xi) Day Count Fraction:	[Actual/Actual Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Eurobond Basis 360/360 Bond Basis 30E/360 (ISDA) Actual/Actual (ISMA) Actual/Actual (ISDA)]
	(See General Definitions in Terms and Conditions for alternatives)
(xii) Valuation Date(s):	[...] (where Averaging Dates are to be used, ensure all relevant details are included)
(xiii) Valuation Time:	[Condition 10(d) applies/(Specify if other)]

(xiv) Disrupted Day:	[Applicable/Not Applicable]
(xv) Exchange(s):	[...]
(xvi) Related Exchange(s):	[All Exchanges]/[...]
(xvii) Exchange Rate:	[Applicable/Not Applicable] <i>[If applicable, insert details]</i>
(xviii) Other terms or special conditions:	[...]
<b>25. Credit Linked Interest Note:</b>	[Applicable/Not Applicable]
<b>Provisions:</b>	<i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
(i) Reference Entity or Entities:	[Single Reference Entity/Basket of Reference Entities] [Give details]/[See Schedule]
(ii) Description of formula to be used to determine the Rate of Interest:	[...]
(iii) Provisions for determining the Rate of Interest where calculation by reference to Reference Entity or Reference Entities and/or formula is impossible or impracticable	[Applicable/Not Applicable] <i>[If applicable, need to include a description of market disruption or settlement disruption events and adjustment provisions]</i>
(iv) Specified Period(s)/Specified Interest Payment Date(s):	[...]
(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[Specify other]]
(vi) Additional Financial Centre(s):	[...]
(vii) Minimum Rate of Interest:	[...] per cent. per annum/[Not Applicable]]
(viii) Maximum Rate of Interest:	[...] per cent. per annum/[Not Applicable]]
(ix) Day Count Fraction:	Actual/Actual Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Eurobond Basis 360/360 Bond Basis 30E/360 (ISDA) Actual/Actual (ISMA) Actual/Actual (ISDA)
<i>(See General Definitions in Terms and Conditions for</i>	

	<i>alternatives)</i>	
(x) Accrual of Interest upon Credit Event	[Applicable/Not Applicable]	
(xi) Others terms or special conditions:	[...]	
<b>26. Fund Linked Interest Note Provisions:</b>	[Applicable/Not Applicable]	
	<i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>	
(i) Reference Fund or Funds:	[Single Reference Fund/Basket of Reference Funds] <i>[Give details]/[See Schedule]</i> [[...] (ISIN: [...])]/[see Schedule]	
(ii) Description of formula to be used to determine the Rate of Interest:	<i>[Give details]/[See Schedule]</i>	
(iii) Provisions for determining the Rate of Interest where calculation by reference to the Reference Fund(s) and/or formula is impossible or impracticable:	[Applicable/Not Applicable] <i>[If applicable, need to include a description of market disruption or settlement disruption events and adjustments provisions]</i>	
(iv) Specified Period(s)/Specified Interest Payment Date(s):	[...]	
(v) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ <i>[Specify other]</i> ]	
(vi) Additional Financial Centre(s):	[...]	
(vii) Day Count Fraction:	[Actual/Actual Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Eurobond Basis 360/360 Bond Basis 30E/360 (ISDA) Actual/Actual (ISMA) Actual/Actual (ISDA)]	
	<i>(See General Definitions in Terms and Conditions for alternatives)</i>	
(viii) Valuation Date(s):	[...] <i>(where Average Dates are to be used, ensure all relevant details are included)</i>	
(ix) Valuation Time:	[...]	
(x) Fund Disrupted Day:	[Applicable/Not Applicable]	



- (xi) Fund Administrator: [Applicable/Not Applicable] *(if applicable, specify)*
- (xii) Fund Adviser: [Applicable/Not Applicable] *(if applicable, specify)*
- (xiii) Fund Manager: [Applicable/Not Applicable] *(if applicable, specify)*
- (xiv) Fund Service Provider: [...]
- (xv) Others terms or special conditions: [...]

## PROVISIONS RELATING TO REDEMPTION

27. Issuer Call: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [...]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [...]
- (iii) If redeemable in part: [...]
- (a) Minimum Redemption Amount: [...]
- (b) Maximum Redemption Amount: [...]
- (iv) Notice period (if other than as set out in the Conditions): [...]

28. Put Option: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): per Note of [...] Specified Denomination
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [...]
- (iii) Notice period (if other than as set out in the Conditions): [...]

29. Final Redemption Amount: [Calculation Amount/specify other/see Schedule]

[Applicable/Not Applicable]

30. Early Redemption Amount:

- (i) Early Redemption Amount(s) payable on redemption pursuant to Condition 7, including for taxation reasons, illegality or on event of default and/or the method of calculating the same (if required or if different from that set out

[...]

in Condition 7(g):

- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates: [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Definitive Notes and Global Notes in bearer form only): [Yes/No/Not Applicable]
- 31. **Obligatory Redemption: (Condition [7f])** [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
  - (i) Obligatory Redemption Date(s): [...]
  - (ii) Obligatory Redemption Amount of each Note and method, if any, of calculation of such amount(s): [...]
- 32. **Currency Linked Redemption Notes:** [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*  
[Give details]/[See Schedule]
  - (i) Relevant Currency: [...]
  - (ii) Relevant provisions for determining the Final Redemption Amount: [...]
  - (iii) Other terms or special conditions: [...]
- 33. **Commodity Linked Redemption Notes:** [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
  - (i) Relevant Commodity/ Commodities: [...]
  - (ii) Relevant provisions for determining the Final Redemption Amount: [...]
  - (iii) Other terms or special conditions: [...]
- 34. **Index Linked Redemption Notes:** [Applicable/Not Applicable] *[If not applicable, delete the remaining sub-paragraphs of this paragraph]*
  - (i) Whether the Notes relate to a basket of indices or a single index and the identity of the relevant Index/Indices and details of the relevant Index Sponsor(s): [Single Index/Basket of Indices]  
Index or Indices:  
Index Sponsor(s):
  - (ii) Relevant provisions for determining the Final Redemption Amount: [...]
  - (iii) Observation Period(s): [...]

(iv)	Observation Date(s):	[...]
(v)	Valuation Date(s):	[...] (where Averaging Dates are to be used, ensure all relevant details are included (Omission/Postponement/Modified Postponement))
(vi)	Valuation Time:	[Condition 9(c) applies]/(Specify if other)]
(vii)	Disrupted Day:	[Applicable/Not Applicable]  [If applicable, consider provisions for calculation of the Reference Level if a Disrupted Day occurs included in Condition 9(c) and if not appropriate insert appropriate provisions]
(viii)	Multiplier for each Index comprising the basket:	[Not Applicable/Applicable] (if applicable, insert details)]
(ix)	Index Adjustment Event:	[Applicable/Not Applicable] [See Condition 9(b)(ii)]
(x)	Additional Disruption Events:	[Applicable/Not Applicable]  [Hedging Disruption]  [Increased Cost of Hedging]  [Other]
(xi)	Exchange(s):	[...]
(xii)	Related Exchange(s):	[All Exchanges]/[...]
(xiii)	Trade Date:	[Issue Date (if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date)]/[Insert Trade Date of related swap transaction (if different from Issue Date)]
(xiv)	Other terms or special conditions:	[...]
35.	<b>Equity Linked Redemption Notes:</b>	[Applicable/Not Applicable] [If not applicable, delete the remaining sub-paragraphs of this paragraph]
(i)	Whether the Notes relate to a basket of equity securities or a single equity security (each an <b>Underlying Equity</b> ) and the identity of the relevant issuer(s) of the Underlying Equity/Equities) (each an <b>Equity Issuer</b> ):	[Single Underlying Equity/Basket of Underlying Equities] [Give or annex details of issuer(s)]  (i) Underlying Equity/Equities: [Existing ordinary shares of the Equity Issuer]  (ii) Equity Issuer: [...] (Bloomberg code [...]);  (iii) ISIN/Common Code: [...] / [...]
(ii)	Whether redemption of the Notes will be by (a) Cash Settlement or (b)	[Cash Settlement/Physical Delivery/Cash Settlement and/or

	Physical Delivery or (c) Cash Settlement and/or Physical Delivery:	Physical Delivery]  <i>[If Cash Settlement and/or Physical Delivery is specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)</i>
(iii)	Relevant provisions for determining the Final Redemption Amount:	[...]
(iv)	Observation Period(s):	[...]
(v)	Observation Date(s):	[...]
(vi)	Valuation Date(s):	[...] (where Averaging Dates are to be used, ensure all relevant details are included/Omission/Postponement/Modified Postponement)
(vii)	Valuation Time:	[Condition 10(d) applies/(Specify if other)]
(viii)	Disrupted Day:	[Applicable/Not Applicable]  <i>[If applicable consider whether the provisions for calculation of the Reference Price if a Disrupted Day occurs which are included in Condition 10(d) are appropriate and, if they are not, insert appropriate provisions]</i>
(ix)	Multiplier for each Underlying Equity comprising the basket (which is subject to adjustment as set out in Condition [10(b)]):	[Not Applicable/Insert details]
(x)	Trade Date:	[Issue Date (if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date)]/[Insert Trade Date of related swap transaction (if different from Issue Date)]
(xi)	Relevant Assets:	[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]
(xii)	Asset Amount:	[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]
(xiii)	Cut-off Date:	[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]
(xiv)	Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from Terms and Conditions:	[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]
(xv)	Potential Adjustment Events:	Applicable/Not Applicable [See Condition 10(b)(i)]

(xvi)	De-listing:	[Applicable/Not Applicable]
(xvii)	Merger Event:	[Applicable/Not Applicable]
(xviii)	Nationalisation:	[Applicable/Not Applicable]
(xix)	Insolvency:	[Applicable/Not Applicable]
(xx)	Tender Offer:	[Applicable/Not Applicable]
(xxi)	Additional Disruption Events:	[Applicable/Not Applicable]
		[Hedging Disruption]
		[Increased Cost of Hedging]
		[Other]
(xxii)	Exchange(s):	[...]
(xxiii)	Related Exchange(s):	[All Exchanges]/[...]
(xxiv)	Exchange Rate:	[Applicable/Not Applicable] <i>[If applicable, insert details]</i>
(xxv)	Other terms or special conditions:	[...]
36.	<b>Credit Linked Redemption Notes:</b>	[Applicable/Not Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph]</i>
(i)	Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery:	[Cash Settlement/Physical Delivery]
(ii)	Relevant provisions for determining the Credit Event Redemption Amount:	[...]
(iii)	Valuation Date(s):	[Single Valuation Date: [...] Business Days] [Multiple Valuation Dates: [...] Business Days; and each [...] Business Days thereafter. Number of Valuation Dates: [...]]
(iv)	Valuation Time:	[...]
(v)	Calculation Agent City:	[...]
(vi)	Trade Date:	<i>[Issue Date (if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date)]/[Insert Trade Date of related swap transaction (if different from Issue Date)]</i>
(vii)	Reference Entity or Entities:	[...]

- (viii) Reference Obligation or Obligations: [...]
- [The obligation(s) identified as follows:
- Primary Obligor: [...]
- Guarantor: [...]
- Maturity: [...]
- Coupon: [...]
- CUSIP/ISIN: [...]
- (ix) All Guarantees: [Applicable/Not Applicable]
- Provisions relating to Qualifying Guarantee and Underlying Obligation:
- [Applicable/Not Applicable]
- (x) Credit Events: [Bankruptcy]
- [Failure to Pay]
- [Payment Requirement: [...]]
- [Grace Period Extension: Applicable/Not Applicable]
- [If Applicable: Grace Period: [...]]
- [Obligation Default]
- [Obligation Acceleration]
- [Repudiation/Moratorium]
- [Restructuring]
- Provisions relating to Multiple Holder Obligation: Condition 12(l) [Applicable/Not Applicable]
  - Provisions relating to Restructuring Credit Event: Condition 12(k) [Applicable/Not Applicable]
  - Provisions relating to Repudiation/Moratorium Extension: Condition 12(f)(ii) [Applicable/Not Applicable]
  - [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]
  - [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]
- [Other]

	Default Requirement:	[...]
(xi)	Conditions to Settlement:	Notice of Publicly Available Information [Applicable/Not Applicable]  [If Applicable:  Public Source(s): [...] Specified Number: [...]]
(xii)	Obligation(s):	[...]
	Obligation Category: [select one only]:	[Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan]
	Obligation Characteristics: [select all of which apply]:	[Not Subordinated] [Specified Currency: [Specify currency] [Standard Specified Currencies]] [Not Sovereign Lender] [Not Domestic Currency:] [Domestic Currency means: [Specify currency]] [Not Domestic Law] [Listed] [Not Domestic Insurance]
	Additional Obligation(s):	[...]
(xiii)	Excluded Obligations(s):	[...]
(xiv)	Accrual of Interest upon Credit Event:	[Applicable/Not Applicable]
(xv)	Redemption following Merger Event:	[(a) Condition 12(i) [Applicable/Not Applicable]  (If Applicable):  [(b) Merger Event Redemption Date:[...]]
(xvi)	Credit Event Redemption Amount:	[...][Express per lowest Specified Denomination]
(xvii)	Credit Event Redemption Date:	[...] Business Days
(xviii)	Quotation Method:	[Bid/Offer/Mid-market]
(xix)	Quotation Amount:	[...]/Representative Amount]
(xx)	Minimum Quotation Amount:	[...]
(xxi)	Quotation Dealers:	[...]
(xxii)	Quotations:	[Include Accrued Interest/Exclude Accrued Interest]

(xxiii)	Valuation Method:	[Market/Highest] [Average Market/Highest/Average Highest] [Blended Market/Blended Highest] [Average Blended Market/Average Blended Highest]
(xxiv)	Terms relating to Physical Delivery:	[Applicable/Not Applicable] <i>(If not applicable, delete remaining sub-paragraphs except (gg))</i>
(xxv)	Physical Settlement Period:	[...] Business Days
(xxvi)	Asset Amount:	[Include Accrued Interest/Exclude Accrued Interest]
(xxvii)	Settlement Currency:	[...]
(xxviii)	Deliverable Obligations:	[...]
	Deliverable Obligation Category [select one only]:	[Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan]
	Deliverable Obligation Characteristics [select all of which apply]:	[Not Subordinated] [Specified Currency: [Specify currency] [Standard Specified Currencies] [Not Sovereign Lender] [Not Domestic Currency] [Domestic Currency means: [Specify currency]] [Not Domestic Law] [Listed] [Not Contingent] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Qualifying Participation Seller: - Insert details] [Transferable] [Maximum Maturity: [...]] [Accelerated or Matured] [Not Bearer]
	Additional Deliverable Obligations:	[...]
(xxix)	Excluded Deliverable Obligation(s):	[...]
(xxx)	Indicative Quotations:	[Applicable/Not Applicable]
(xxxi)	Cut-off Date:	[...]
(xxxii)	Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from Terms and Conditions:	[...]



	(xxxiii) Other terms or special conditions:	[...]
37.	<b>Fund Linked Redemption Notes:</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Relevant provisions for determining the Final Redemption Amount:	[...]
	(ii) Reference Fund or Funds:	[(Specify in respect of each Reference Fund)] (ISIN: [...])
	(iii) Cash Loan:	[Applicable/Not Applicable]
	(iv) Fund Administrator:	[Not Applicable/Applicable (if applicable, specify)]
	(v) Fund Adviser:	[Not Applicable/Applicable (if applicable, specify)]
	(vi) Fund Manager:	[Not Applicable/Applicable (if applicable, specify)]
	(vii) Potential Adjustment Events:	[Applicable/Not Applicable]
	(viii) Extraordinary Events:	[Applicable/Not Applicable] <i>(If Applicable, give details)</i>
	(i) Nationalisation:	[Applicable/Not Applicable]
	(ii) Insolvency:	[Applicable/Not Applicable]
	(ix) Extraordinary Fund Events:	
	(i) Fund Insolvency Event:	[Applicable/Not Applicable]
	(ii) Adviser Termination Event:	[Applicable/Not Applicable]
	(iii) Strategy Breach:	[Applicable/Not Applicable]
	(iv) Regulatory Action:	[Applicable/Not Applicable]
	(v) Reporting Disruption:	[Applicable/Not Applicable]
	(vi) Modification of Fund Documents:	[Applicable/Not Applicable]
	(vii) Hedging Disruption:	[Applicable/Not Applicable]
	(viii) Increased Cost of Hedging:	[Applicable/Not Applicable]
	(ix) Change in Law:	[Applicable/Not Applicable]
	(x) Change in Tax Law:	[Applicable/Not Applicable]
	(xi) NAV Disruption Event:	[Applicable/Not Applicable]
	(xii) Failure to Deliver Information:	[Applicable (insert amount if different from Condition 11)/ Not Applicable]
	(xiii) Legal Action:	[Applicable/Not Applicable]

(xiv)	Change in Treatment:	[Applicable/Not Applicable]
(xv)	Due Diligence Failure:	[Applicable/Not Applicable]
(xvi)	Breach or Termination of Trading Agreement:	[Applicable/Not Applicable]
(xvii)	NAV Trigger Event:	[Applicable ( <i>insert percentage amount and period</i> )/Not Applicable]
(xviii)	Key Person Event:	[Applicable ( <i>give details of key person(s)</i> )/Not Applicable]
(xix)	Minimum Outstanding amount of Notes:	[Applicable ( <i>insert amount if different from Condition 11</i> )/Not Applicable]
(xx)	Benchmark Change:	[Applicable ( <i>insert amount</i> ) /Not Applicable]
(xxi)	Organisational Change:	[Applicable/Not Applicable]
(xxii)	Assets Under Management Trigger:	[Applicable ( <i>insert amount if different from Condition 11</i> )/Not Applicable]
(xxiii)	Others:	[Applicable ( <i>give details</i> )/Not Applicable]
(x)	Fund Business Day:	[Applicable ( <i>give details</i> )/Not Applicable]
(xi)	Fund Disrupted Day:	[Applicable/Not Applicable]
(xii)	Initial Observation Date:	[...]
(xiii)	Final Observation Date:	[...]
(xiv)	Valuation Date:	[...] ( <i>where Averaging Dates are to be used, ensure all relevant details are included/Omission/Postponement/Modified Postponement</i> )
(xv)	Valuation Time:	[...]
(xvi)	Trade Date:	[Issue Date ( <i>if either (a) there is no related swap transaction or (b) the Trade Date of the related swap transaction is the same date as the Issue Date</i> )]/[Insert Trade Date of related swap transaction ( <i>if different from Issue Date</i> )]
(xvii)	Hedging Party:	[Applicable ( <i>give details</i> )/Not Applicable]
(xviii)	Hypothetical Investor Jurisdiction:	[Applicable ( <i>give details</i> )/Not Applicable]
(xix)	Other terms or special conditions:	[...]
38.	<b>Dual Currency Redemption Notes:</b>	[Applicable ( <i>give details</i> )/Not Applicable]

#### GENERAL PROVISIONS RELATING TO REDEMPTION

39.	Partly Paid Notes:	[Applicable ( <i>give details</i> )/Not Applicable]
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40. Instalment Notes: [Applicable/Not Applicable (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)]
- (i) Instalment Date(s): [...]
- (ii) Instalment Amount(s): [...]
41. Strike Level [...]
42. Adjustment for Early Redemption Unwind Costs: [Applicable/Not Applicable]
- [If Applicable:  
[Standard Early Redemption Unwind Costs/*Insert other*]]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

43. Form of Notes: [Bearer Notes/Exchangeable Bearer Notes]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on not less than 30 days' notice given at any time/only upon an Exchange Event].]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]
- [Permanent Global Note exchangeable for Definitive Notes [on not less than 30 days' notice given at any time/only upon an Exchange Event].]
44. New Global Note Form: [Applicable/Not Applicable]
45. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]  
(Note that this item relates to the place of payment and not Interest Period end dates to which items 17(iii) and 19(vi) relate)
46. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
47. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]  
(NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
48. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/*give details*]
- (ii) Instalment Date(s): [Not Applicable/*give details*]

49. Redenomination: Redenomination [not] applicable (*if Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates)*)
50. Whether Condition 13(a) of the Notes applies (in which case Condition 7(b) of the Notes will not apply) or whether Condition 13(b) of the Notes applies: [Condition 13(a) applies and Condition 7(b) does not apply] [Condition 13(b) and Condition 7(b) apply]
51. Other terms or special conditions: [Not Applicable/give details]  
(*When adding any other terms or special conditions consideration should be given as to whether such terms constitute 'significant new factors' and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)

## DISTRIBUTION

52. (i) If syndicated, names [and addresses]\*\* of Dealers [and underwriting commitments]\*\*: [Not Applicable/give names [and addresses and underwriting commitments]]  
(*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a 'best efforts' basis if such entities are not the same as the Dealers*)  
(*Please note that the process for notification to potential investors of the amount allotted will be provided for by the Dealer(s)*)
- (ii) If non-syndicated, name [and addresses]\*\* of relevant Dealer: [...]
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
- (iv) Date of Subscription Agreement: [Not Applicable/...]
- (v) Total commission and concession: [...] per cent. of the aggregate nominal amount/Certain fees or commissions will be payable to third party distributors and/or the Notes will be sold at a discount to the Issue Price on the primary sale of the Notes/Not Applicable/(Specify if other)]
53. Whether TEFRA D or TEFRA C rules or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable] applicable
54. Non exempt Offer<sup>4</sup>: [Not Applicable] [An offer of the Notes may be made by

\*\* Delete if the minimum denomination is EUR 501,000.

\*\* Delete if the minimum denomination is EUR 501,000.

\*\* Delete if the minimum denomination is EUR 501,000.

<sup>4</sup> Not applicable if the minimum denomination is EUR 50,000.

the Dealer [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Dealer") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Dealers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [...] Business Days thereafter"] (**Offer Period**). See further the items under 'Operational Information' below.

*(N.B. Consider any local regulatory requirements to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Prospectus (and any supplement) has been notified/passported.)*

55. Additional selling restrictions:

[Not Applicable/give details]

56. Additional United States Tax Considerations:

[Not Applicable/give details]

## PART B - OTHER INFORMATION<sup>5</sup>

### LISTING AND ADMISSION TO TRADING

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the, Luxembourg Stock Exchange, Euronext Amsterdam by NYSE Euronext/*Specify other*] with effect from[, at the earliest, the Issue Date/(*insert date*)].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on (*specify relevant regulated market and, if relevant, to admission to an official list*) with effect from[, at the earliest, the Issue Date/(*insert date*)].] [Not Applicable]]

### INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

### OPERATIONAL INFORMATION

1. Relevant clearing and settlement system(s): [Euroclear/Clearstream, Luxembourg/ Euroclear Netherlands/other]
2. Delivery: Delivery [against/free of] payment: [...]
3. Debt Issuance Programme number: [...]
4. Additional Paying Agent(s) (if any): [...]
5. Offer Period/application process: [[The offer of the Notes is expected to open at [...] hours ([...] time) on [...] and close at [...] hours ([...] time) on [...] or such earlier or later date or time as the Issuer may determine and will be announced in [...].]  
  
[The Issuer reserves the right to withdraw the offer of the Notes until [...] at the latest. Such withdrawal will be announced in the forementioned publications.]  
  
[The aggregate principal amount of the Notes to be issued and allotted will be announced by the Issuer at [...] hours ([...] time) on [...] or such earlier or later date or time as the Issuer may determine and will be announced in the forementioned publications.]  
  
[The Issuer reserves the right to increase or decrease the aggregate principal amount of the Notes to be issued. Such increase or decrease will be announced in the forementioned publications]  
  
[[No]/D/d]ealing in the Notes will be possible before the aggregate principal amount of the Notes is announced as set out above.]  
  
[Not Applicable]]
6. Reduction of subscriptions: [Subscriptions in excess. If the Issuer determines to

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<sup>5</sup> *If an issue of Notes is **not** to be admitted to trading on a regulated market in the EEA or offered to the public in the EEA, then only paragraphs 1 and 13 need to be completed and paragraphs 2 to 12 and 14 should be deleted.*

increase or decrease the aggregate principal amount of the Notes to be issued this will be announced by the Issuer at [...] hours ( [...] time) on [...] or such earlier or later date or time as the Issuer may determine and will be announced in the forementioned publications.]

7. Maximum and minimum subscription amount: [...] and [...]

8. Method and time limit for paying up the securities and for delivery of the securities: [...]

9. Procedure for exercise of any right of pre-emption the negotiability of subscription rights and the treatment of subscription rights not exercised: [...]

10. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]  
[include this text if "yes" is selected in which case the Notes must be issued in NGN form]

11. Indication of yield (*Fixed Rate Notes only*): [Calculated as [include details of method of calculation in summary form] on the Issue Date] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

12. Notices to be published in an English language daily newspaper of general circulation in London: [Yes/No]

13. ISIN:  
Common code: [...]  
Other relevant code: [...]

14. Ratings:  
The Notes to be issued have been rated:  
[Standard & Poor's: [...]]  
[Fitch: [...]]  
[[Other]: [...]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.] \* \*

(The above disclosure should reflect the rating allocated to

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\* \* Delete if the minimum denomination is EUR 50,000.

*Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

15. Notification to maturity:

The [AFM] [has been requested to provide/has provided *(include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues)*] the [(Financial Services Authority (FSA)/Commission de Surveillance du Secteur Financier (CSSF)/Commission Bancaire, Financière et des Assurances in Belgium (CBFA)/Specify other] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

16. Interests of natural and legal persons involved in the Issue:

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. *(Amend as appropriate if there are other interests)*]

17. Identification of the sources of third party information, if applicable:

[Not Applicable / [...]]

18. Reasons for the offer, estimated net proceeds and total expenses

(i) Reasons for the offer:

[...] *(See ['Use of Proceeds'] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds:

[...] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses:

[...] [Include breakdown of expenses]

19. Historic Interest Rates (Floating Rate Notes only) \*\*

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters Screen].]

<p>20. PERFORMANCE OF [INDEX / Basket of indices], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [index/basket of indices]] (Index-Linked Notes only)</p>	<p><i>(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)</i></p> <p><i>(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)</i></p>
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\*\* Delete if the minimum denomination is EUR 501,000.



	<p><i>(Need to include details of where past and future performance and volatility of the index/formula can be obtained.)</i></p> <p><i>(Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.)</i></p> <p><i>(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)</i></p> <p><i>(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i></p> <p>[The Issuer does not intend to provide post-issuance information.]</p>
<p>21. PERFORMANCE OF [RATE(S) OF EXCHANGE/FORMULA/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE(S) OF EXCHANGE/FORMULA/CURRENCIES]] (Currency Linked Notes only)</p>	<p><i>(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)</i></p> <p><i>(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)</i></p> <p><i>(Need to include details of where past and future performance and volatility of the [relevant rates/formula/currencies] can be obtained.)</i></p> <p><i>(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)</i></p> <p><i>(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i></p> <p>[The Issuer does not intend to provide post-issuance information.]</p>
<p>22. PERFORMANCE OF [THE COMMODITY], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY]] (Commodity Linked Notes only)</p>	<p><i>(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)</i></p>

	<p><i>(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)</i></p> <p><i>(Need to include details of where past and future performance and volatility of [the Commodity] can be obtained.)</i></p> <p><i>(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)</i></p> <p><i>(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i></p> <p>[The Issuer does not intend to provide post-issuance information.]</p>
23. PERFORMANCE OF RATE(S) OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND OTHER INFORMATION CONCERNING THE UNDERLYING <i>(Dual Currency Notes only)</i>	<p><i>(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)</i></p> <p><i>(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)</i></p> <p><i>(Need to include details of where past and future performance and volatility of the relevant rates can be obtained.)</i></p> <p><i>(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)</i></p> <p><i>(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i></p> <p>[The Issuer does not intend to provide post-issuance information.]</p>
24. PERFORMANCE OF [UNDERLYING EQUITY / BASKET OF UNDERLYING EQUITIES / REFERENCE FUND / BASKET OF REFERENCE FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING EQUITY / BASKET OF UNDERLYING EQUITIES / REFERENCE FUND / BASKET OF REFERENCE FUNDS	<p><i>(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)</i></p> <p><i>(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)</i></p> <p><i>(Need to include details of where past and future</i></p>

<p><i>(Equity Linked Notes and Fund Linked Notes only)</i></p>	<p><i>performance and volatility of the relevant [equity/basket of equities/fund] can be obtained.)</i></p> <p><i>(Need to include information about the relevant weighting where the underlying is a basket of underlying)</i></p> <p><i>(Where the underlying is Equity or an investment or mutual fund, need to include the name of underlying and need to include details of where the information about the Equity can be obtained.)</i></p> <p><i>(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)</i></p> <p><i>(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i></p>
<p>25. INFORMATION IN RELATION TO THE REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE REFERENCE ENTITY] <i>(Credit Linked Notes only)</i></p>	<p><i>(If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.)</i></p> <p><i>(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)</i></p> <p><i>(Need to include details of the Reference Entity and of where information on the Reference Entity can be obtained.)</i></p> <p><i>(Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)</i></p> <p><i>(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i></p>
<p>26. <b>OTHER</b></p>	<p>[specify/ Not Applicable]</p>

#### **[LISTING AND ADMISSION TO TRADING APPLICATION]**

These Final Terms comprise the details required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 5,000,000,000 Debt Issuance Programme of F. van Lanschot Bankiers N.V.]

## **RESPONSIBILITY**

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

These Final Terms or any other information supplied in connection with the Programme should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of these Final Terms or any other information supplied in connection with the Programme should purchase any Notes. Accordingly, no representation, warranty or undertaking, expressly or implied, is made and no responsibility is accepted by the Arranger or the Dealers or any of their respective affiliates in their capacity as such, as to the accuracy or completeness of the information contained in these Final Terms or any other information provided by the Issuer or Van Lanschot N.V., the sole shareholder of the Issuer.

[...] has been extracted from [...]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [...], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:  
Duly authorised officer(s)

**[SCHEDULE TO THE FINAL TERMS]**

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each Global Note and which will be endorsed on (or, if permitted by the rules of the relevant stock exchange and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each Note in the standard euromarket form and K-form and will be applicable to each Definitive Note in CF-form. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Note and Definitive Note in the standard euromarket form and K-form and will be applicable to each Definitive Note in CF-form. Reference should be made to 'Form of the Notes' above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Note is one of a Series (as defined below) of Notes issued by F. van Lanschot Bankiers N.V. (the '**Issuer**' or the '**Bank**'), pursuant to the Agency Agreement (as defined below). For the avoidance of doubt: references to the Issuer are solely to F. van Lanschot Bankiers N.V. and do not include its subsidiaries. References to subsidiaries are to subsidiaries as meant in Section 2:24a of the Dutch Civil Code. References herein to the 'Notes' (which expression shall include Senior Notes and Subordinated Notes, each as defined below) shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global note (the '**Global Note**'), units of the lowest Specified Denomination in the Specified Currency, (ii) definitive notes (the '**Definitive Notes**') issued in exchange for a Global Note and (iii) any Global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an amended and restated agency agreement to be dated on or 5 January 2009 as amended and restated from time to time (the '**Agency Agreement**') made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (in such capacity the '**Agent**', which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the '**Paying Agents**', which expression shall include any additional or successor paying agents).

Interest bearing Definitive Notes in the standard euromarket form (unless otherwise specified in the applicable Final Terms) have interest coupons ('**Coupons**') and, if indicated in the applicable Final Terms, talons for further Coupons ('**Talons**') attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Notes in the standard euromarket form repayable in instalments have receipts ('**Receipts**') for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue. Any reference herein to 'Noteholders' shall mean the holders of the Notes, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to 'Receiptholders' shall mean the holders of the Receipts and any reference herein to 'Couponholders' shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons. Any holders mentioned above include those having a credit balance in the collective depots held by Euroclear Netherlands or one of its participants under the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*").

Interest bearing Definitive Notes in K-form will have Coupons and, if specified in the applicable Final Terms, Talons attached but will not be issued with Receipts attached. Interest bearing Definitive Notes in CF-form will have Coupon sheets attached but will not be issued with Talons or Receipts attached. References in these Terms and Conditions (the '**Conditions**') to 'Coupons' will include references to such Coupon sheets.

The Final Terms for this Note are endorsed hereon or attached hereto or applicable hereto or incorporated by reference herein and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the 'applicable Final Terms' are to the Final Terms for this Note.

As used herein, 'Tranche' means Notes which are identical in all respects (including as to listing) and 'Series' means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) from the date on which such

consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement and the Final Terms applicable to this Note are available at the specified offices of each of the Agent and the other Paying Agents save that a Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated, provided that in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Terms and Conditions:

***General Definitions:***

**Affiliate** Any entity controlled directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **control** means the ownership of a majority of the voting power of the entity and **controlled by** and **controls** shall be construed accordingly.

**Broken Amount** The amount specified as such in the applicable Final Terms.

**Business Day** A day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam, London and Luxembourg and any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre(s) of the country of the relevant Specified Currency (if other than London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Wellington, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open.

**Calculation Agent** The entity or, if different, as specified in the applicable Final Terms. All determinations and calculations made by the Calculation Agent shall be made by it in its sole discretion and in good faith, acting reasonably and on an arm's-length basis. All such determinations and calculations so made shall be final and binding (save in the case of manifest error) on all parties. The Calculation Agent shall have no liability or responsibility to any person in relation to the determinations or calculations provided in connection herewith, except in the case of wilful default

or bad faith.

**Calculation Amount**

Means (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations, the highest common factor of those Specified Denominations.

**Clearstream, Luxembourg**

Clearstream Banking, société anonyme.

**Day Count Fraction**

In respect of the calculation of an amount of interest for any Interest Period:

- (a) if 'Actual/365', 'Actual/Actual (ISDA)' or 'Actual/Actual' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if 'Actual/365 (Fixed)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) if 'Actual/365 (Sterling)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if 'Actual/360' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (e) if '30/360', '360/360' or 'Bond Basis' is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula based as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if '30E/360' or 'Eurobond Basis' is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (g) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;



"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D<sub>2</sub> will be 30; and

- (h) if 'Actual/Actual (ISMA)' is specified in the applicable Final Terms, (A) if the Interest Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Interest Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (B) if the Interest Period is longer than one Determination Period, the sum of: (x) the number of days in such Interest Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Interest Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

**Determination Period**

Each period from (and including) an Interest Determination Date to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date).

**Distribution Compliance Period**

The period that ends 40-days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer(s) (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue).

**Early Redemption Amount**

An amount equal to the market value of each Note on the date of redemption, adjusted, if so specified in the applicable Final Terms, to account for Early Redemption Unwind Costs.

**Early Redemption Unwind Costs**

The amount specified in the applicable Final Terms or, if Standard Early Redemption Unwind Costs are specified in the applicable Final Terms, an amount determined by the Calculation Agent in its sole and absolute discretion equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Notes in the Specified Denomination.

<b>EURIBOR</b>	The Euro-zone inter-bank offered rate.
<b>euro</b>	The lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on the European Union (signed in Maastricht on 7 February 1992).
<b>Euroclear</b>	Euroclear Bank S.A./N.V.
<b>Euroclear Netherlands)</b>	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
<b>'Established Rate'</b>	The rate for conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty.
<b>Exchange Event</b>	(i) An Event of Default (as defined in Condition 15) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg and/or if applicable Euroclear Netherlands and/or if applicable, any other clearing system has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available.
<b>Fixed Interest Period</b>	The period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
<b>Holder</b>	The holder of any Note, Receipt, Coupon or Talon.
<b>Interest Commencement Date</b>	The Issue Date unless otherwise specified in the applicable Final Terms.
<b>Interest Determination Date</b>	The interest determination date as specified in the applicable Final Terms.
<b>Intervening Period</b>	Such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.
<b>Issue Price</b>	The issue price of the Notes as specified in the applicable Final Terms.
<b>LIBOR</b>	The London inter-bank offered rate.
<b>Margin</b>	The margin applicable to the Notes as specified in the applicable Final Terms.
<b>Maturity Date</b>	The date of maturity of the Notes as specified in the applicable Final Terms.
<b>Maximum Rate of Interest</b>	The maximum rate of interest as specified in the applicable Final Terms.
<b>Minimum Rate of Interest</b>	The minimum rate of interest as specified in the applicable Final Terms.
<b>Noteholder</b>	The several persons who are for the time being holders of outstanding Notes

being the bearers thereof save that, in respect of the Notes of any Series, for so long as the Notes or any part of them are represented by a Global Note held on behalf of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands each person (other than Euroclear, Clearstream, Luxembourg or Euroclear Netherlands) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands as the holder of a particular nominal amount of the Notes of the Series (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands as to the nominal amount of the Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of that nominal amount of Notes (and the holder of the relevant Global Note shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the holder of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of the Notes in accordance with and subject to the terms of the relevant Global Note.

<b>Obligatory Redemption</b>	The obligation of the Issuer to redeem the Notes on the applicable Obligatory Redemption Date(s) by payment of the applicable Obligatory Redemption Amount.
<b>Obligatory Redemption Amount</b>	An amount calculated as specified in the applicable Final Terms.
<b>Obligatory Redemption Date(s)</b>	If specified as applicable in the applicable Final Terms, the date(s) specified in the applicable Final Terms as being the Obligatory Redemption Date(s).
<b>Optional Redemption Amount</b>	An amount calculated in accordance with the applicable Final Terms.
<b>Optional Redemption Date(s)</b>	If specified as applicable in the applicable Final Terms, the date(s) designated and notified by the Issuer to the Noteholders (in the event Call Option is applicable) or by the Noteholders to the Issuer (in the event Put Option is declared applicable).
<b>Own Funds</b>	The amount of shareholders' and other funds which qualify as actual own funds ("toetsingsvermogen") under <i>Besluit Prudentiële Regels Wft</i> .
<b>Payment Day</b>	Any day (subject to Condition 14) which is both: <ul style="list-style-type: none"> <li>(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in: <ul style="list-style-type: none"> <li>(A) the relevant place of presentation; and</li> <li>(B) any Additional Financial Centre specified in the applicable Final Terms; and</li> </ul> </li> <li>(ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the</li> </ul>

Specified Currency is Australian Dollars or New Zealand Dollars shall be Melbourne or Wellington respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET 2 System is open.

<b>Principal Protected</b>	An amount equal to 100 per cent. of the Specified Denomination. For the avoidance of doubt, the Principal Protection does not apply if the Notes are redeemed early or sold by an investor prior to the Maturity Date.
<b>Protection Amount</b>	In respect of a Series to which a Protection Amount is specified as applicable in the applicable Final Terms, means that the Final Redemption Amount will, subject to the applicable Final Terms, in no circumstances be repayable, at the stated Maturity Date, at less than the specified percentage of the nominal amount of such Note. For the avoidance of doubt, the Protection Amount will not apply in the event that Notes are redeemed prior to their stated Maturity Date or upon the occurrence of a Tax Call, an Index Adjustment Event, a Potential Adjustment Event or an Event of Default.
<b>Redenomination Date</b>	In the case of Interest Bearing Notes, any date for payment of interest under the Notes or, in the case of Zero Coupon Notes, any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) of Condition 4 and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union.
<b>Reference Rate</b>	The rate specified as such in the applicable Final Terms.
<b>Relevant Date</b>	In respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.
<b>Screen Page</b>	Such page, section, caption or column or other part of a particular information service as may be specified in the applicable Final Terms.
<b>Securities Act</b>	The United States Securities Act of 1933, as amended.
<b>Specified Currency</b>	The currency of the Notes as specified in the applicable Final Terms.
<b>Specified Denomination or SD</b>	The denomination of the Notes as specified in the applicable Final Terms.
<b>sub-unit</b>	With respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.
<b>TARGET 2 System</b>	the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system, launched on 19 November 2007, which utilises a single shared platform
<b>Treaty</b>	The Treaty establishing the European Community, as amended.

## **Zero Coupon Notes**

Notes during the term of which no interest shall become due and payable, unless specified otherwise in the applicable Final Terms or the Schedule thereto. The applicable Final Terms or the Schedule thereto will specify whether the Tranche constitutes Zero Coupon Notes or not.

### **1. Form, Denomination and Title**

The Notes are in bearer form and, in the case of Definitive Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the Specified Form(s).

This Note may be a Senior Note or a Subordinated Note, as indicated in the applicable Final Terms.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Currency Linked Interest Note, a Commodity Linked Interest Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Fund Linked Interest Note, a Credit Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be a Currency Linked Redemption Note, a Commodity Linked Redemption Note, an Index Linked Redemption Note, an Equity Linked Redemption Note, a Fund Linked Redemption Note, a Credit Linked Redemption Note, a Dual Currency Redemption Note, an Instalment Note or a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Currency Linked Notes are Currency Linked Interest Notes and Currency Linked Redemption Notes. Commodity Linked Notes are Commodity Linked Interest Notes and Commodity Linked Redemption Notes. Index Linked Notes are Index Linked Interest Notes and Index Linked Redemption Notes. Equity Linked Notes are Equity Linked Interest Notes and Equity Linked Redemption Notes. Fund Linked Notes are Fund Linked Interest Notes and Fund Linked Redemption Notes. Credit Linked Notes are Credit Linked Interest Notes and Credit Linked Redemption Notes. Dual Currency Notes are Dual Currency Interest Notes and Dual Currency Redemption Notes. This Note may be a combination of any of the foregoing, depending upon the Interest Basis and Redemption/Payment Basis shown in the applicable Final Terms.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Notes will be in a denomination or denominations (each of which denominations must be integrally divisible by each smaller denomination) specified in the relevant Final Terms. Notes of one denomination will not be exchangeable after their initial delivery for Notes of any other denominations, subject to Condition 4.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. For Notes held by Euroclear Netherlands or otherwise in the clearing system under the Dutch Giro Securities Transfer Act ("*Wet giraal effectenverkeer*") deliveries will be made in accordance with the Dutch Securities Giro Transfer Act and the regulations of Euroclear Netherlands. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For as long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ('**Euroclear**') and/or Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**') and/or the Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ('**Euroclear Netherlands**') Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands, each person (other than Euroclear, Euroclear Netherlands or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear, Clearstream Netherlands or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Euroclear Netherlands or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding

for all purposes save in the case of manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Euroclear Netherlands or of Clearstream, Luxembourg or any other relevant clearing system of Euroclear Netherlands, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

In case of Notes represented by a permanent Global Note deposited with Euroclear Netherlands, a Noteholder shall have no right to request delivery ("*uitlevering*") thereof under the Dutch Securities Giro Transfer Act ("*Wet giraal effectenverkeer*") other than as set out in the Global Note.

## **2. Status of the Senior Notes and Negative Pledge**

The Senior Notes and the relative Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

As long as the Senior Notes or any relative Receipts or Coupons remain outstanding, the Issuer will not secure by lien, pledge or other charge upon the whole or part of its assets or revenues any present or future Relevant Indebtedness (as defined below) without at the same time securing the Senior Notes, Receipts or Coupons, as the case may be, equally and rateably with such Relevant Indebtedness or providing such other security as the Noteholders may approve by an Extraordinary Resolution (as defined in the Agency Agreement).

'Relevant Indebtedness' means

- (a) any lien, debt, guarantee or other obligation of the Issuer or any of its subsidiaries (each an '**Obligation**' and together the '**Obligations**') which is represented by notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed, whether by way of public offer, private placement, acquisition consideration or otherwise, whether issued for cash or in whole or in part for a consideration other than cash and whether listed (or capable of being listed) on any stock exchange or over-the-counter or other similar securities market or not (each such note, bond, debenture, debenture stock, loan stock or other security, a '**Security**' and together the '**Securities**'), but
- (b) excluding Obligations represented by Securities, which are (i) issued on the basis of and in accordance with the legal and regulatory requirements applicable to such Securities and which (ii) by virtue of law give the holders of such Securities a mandatory right of preference on the revenues of a mortgage portfolio of the Issuer or such subsidiary of the Issuer which Obligations shall not exceed 15 per cent.

## **3. Status and Characteristics relating to Subordinated Notes**

Subject to the following paragraph, the Subordinated Notes and the relative Receipts and Coupons constitute unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law or those subordinated obligations expressed by their terms to be subordinated to the Subordinated Notes.

The claims of the holders of the Subordinated Notes of this Series and the relative Receipts and Coupons (the '**Subordinated Holders**') against the Issuer are:

- (i) in the event of the liquidation ("*ontbinding*") or bankruptcy ("*faillissement*") of the Issuer; or
- (ii) in the event that a competent court has declared that the Issuer is subjected to emergency regulations ("*noodregeling*") as referred to in Article 3:160 of the Act on the Financial Supervision ("*Wet op het*

*financieel toezicht*") and for so long as such situation is in force (such situation being hereinafter referred to as a '**Moratorium**'),

subordinated to (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims.

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

For the purposes of *Besluit Prudentiële Regels Wft* of De Nederlandsche Bank N.V. (the '**Dutch Central Bank**') to which the Issuer is subject, the Subordinated Notes of this Series will qualify as either tier 2 capital ("**Tier 2 Notes**") or tier 3 capital ("**Tier 3 Notes**"), as referred to in *Besluit Prudentiële Regels Wft*, as specified in the applicable Final Terms.

#### **4. Redenomination**

##### *(a) Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receipholders and the Couponholders, on giving prior notice to the Agent, Euroclear and/or Clearstream, Luxembourg and, if applicable, Euroclear Netherlands and at least 30 days' prior notice to the Noteholders in accordance with Condition 19, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in Euro.

Subject to any applicable regulations, the election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into Euro in the denomination of €0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into Euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination in Euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;
- (iii) if Definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of €1,000, €10,000, €100,000 (as determined by the Issuer in consultation with the Agent) and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Agent may approve) €0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmaturing Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the '**Exchange Notice**') that replacement Euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify in consultation with the Issuer where practicable and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or

interest on the Notes;

- (v) on or after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee.
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention; and
- (vii) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

## 5. Interest

### (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date (if that does not fall on an Interest Payment Date).

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

### (b) *Interest on Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes*

#### (i) Interest Payment Dates

Each Floating Rate Note, Currency Linked Interest Note, Commodity Linked Interest Note, Fund Linked Interest Note, Index Linked Interest Note, Equity Linked Interest Note and Credit Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an '**Interest payment Date**') in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an '**Interest Payment Date**') which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).



If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes will be determined in the manner specified in the applicable Final Terms and the provisions below relating to ISDA Determination, ISMA Determination, Screen Rate Determination or any other method of determination that may be specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), '**ISDA Rate**' for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions or 2006 ISDA Definitions, as specified in the relevant Final Terms, as published by the International Swaps and Derivatives Association Inc. and to be obtained at the website <http://www.isda.org>, and as amended and updated as at the Issue date of the first Tranche of the Notes (the '**ISDA Definitions**') and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ('**LIBOR**') or on the Euro-zone inter-bank offered rate ('**EURIBOR**'), the first day of that Interest Period or (ij) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), '**Floating Rate**', '**Calculation Agent**', '**Floating Rate**

**Option', 'Designated Maturity' and 'Reset Date'** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph (B) in the event that the Relevant Screen Page is not available or if, in the case of

(1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, or the Calculation Agent, in the case of Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent or, as the case may be, the Calculation Agent will calculate the amount of interest (the '**Interest Amount**') payable on the Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest

Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. In the case of Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes and Credit Linked Interest Notes, the Calculation Agent will notify the Agent of the Interest Amount payable on the Notes in respect of each Specified Denomination for the relevant Interest Period as soon as practicable after calculating the same.

(v) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Equity Linked Interest Notes or Credit Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 19 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter and, in the case of Notes admitted to the listing on the regulated market of the Luxembourg Stock Exchange and/or on Euronext Amsterdam, cause each such Rate of Interest, Interest Amount and Interest Payment Date, as the case may be, to be notified to Euronext Amsterdam and/or the Luxembourg Stock Exchange, as the case may be, in accordance with the rules and regulations of such Stock Exchange. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the Notes are for the time being listed and to the Noteholders in accordance with Condition 19. For the purposes of this paragraph, the expression '**London Business Day**' means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b), whether by the Agent or if applicable, the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent, Agent, if applicable, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes*

In the case of Currency Linked Interest Notes, Commodity Linked Interest Notes, Index Linked Interest Notes, Fund Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes, the rate or amount of interest payable in respect of each Interest Period or specified Interest Payment Date, as the case may be, shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Dual Currency Interest Notes*

In the case of Dual Currency Interest Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(e) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(f) *Accrual of Interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 19 or individually.

Provided that if Condition 12(b) or Condition 12(c) applies in respect of the Notes and:

- (A) '**Accrual of Interest upon Credit Event**' is specified as Not Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Interest Period End Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Period End Date such Interest Period End Date or, if the Credit Event Determination Date falls prior to the first Interest Period End Date, no interest shall accrue on the Notes; or
- (B) '**Accrual of Interest upon Credit Event**' is specified as being Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date; and

Provided further that, if:

- (C) Condition 12(d) or Condition 12(e) applies in respect of the Notes and, in the case of Condition 12(d), a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Condition 12(e) a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, as the case may be; and/or
- (D) Condition 12(f) applies in respect of the Notes and the Scheduled Maturity Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date, as the case may be, is postponed as provided therein,

then interest will accrue as provided in Condition 12(d), Condition 12(e) or Condition 12(f), as the case may be.

*(g) Deferral of Interest on Tier 3 Notes*

Notwithstanding anything to the contrary contained elsewhere in this Condition 5, if this Note is a Tier 3 Note interest will not be payable on any Interest Payment Date if and to the extent that at the time of, or as a result of such payment the Issuer's actual Own Funds (as defined below) would amount to less than 100 per cent. of the Issuer's required minimum amount of Own Funds under the Solvency Guidelines. Any interest in respect of this Note not paid on an Interest Payment Date on which such interest would otherwise be payable will constitute arrears of interest ('**Arrears of Interest**') and will become payable and will be paid by the Issuer as soon as and to the extent that the Issuer will, after such payment has been made, meet the solvency test referred to in the previous sentence. Any Arrears of Interest will also become fully payable on the date of the dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which a Moratorium resulting from the application of emergency measures as referred to in Article 3:160 of the Act on the Financial Supervision ("*Wet op het financieel toezicht*") is declared in respect of the Issuer. Where any amount of interest or Arrears of Interest is not paid in full, each part payment shall be made *pro rata* to the Tier 3 Noteholders of this Series and shall be in respect of the interest accrued furthest from the date of payment. Any Arrears of Interest shall not themselves bear interest.

## **6. Payments**

*(a) Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than Euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency

- (which, if the Specified Currency is Australian Dollars or New Zealand Dollars, shall be Melbourne or Wellington respectively); and
- (ii) payments in Euro will be made by credit or transfer to a Euro account (or to any other account to which Euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 13.

*(b) Presentation of Notes, Receipts and Coupons*

Other than in the case of Definitive Notes in CF-Form, payments of principal in respect of Definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Notes, and payments of interest in respect of Definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, 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)).

Payments of principal in respect of any Definitive Notes in CF-form will be made in the manner provided in paragraph (a) above only against surrender of Definitive Notes together with the Coupon sheet attached. Payments of interest in respect of any Definitive Notes in CF-form will be made in conformity with the agreement concluded between the Issuer and Algemeen Obligatiekantoor van het Centrum voor Fondsenadministratie BV in Amsterdam (the '**Obligatiekantoor**'), under which agreement the Issuer has accepted the rules and regulations of the Obligatiekantoor.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Note to which it appertains. Receipts presented without the Definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Note becomes due and repayable, unmaturing Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Interest Notes, Currency Linked Notes, Commodity Linked Notes, Equity Linked Notes, Fund Linked Notes, Credit Linked Notes and Long Maturity Notes) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five years after the date on which such principal first became due (whether or not such Coupon would otherwise have become void under Condition 14) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be issued.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Interest Note, Currency Linked Note, Commodity Linked Note, Equity Linked Note, Fund Linked Note, Credit Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A '**Long Maturity Note**' is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Fixed Interest Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
  - (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
  - (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.
- (c) *Payment Day*
- (iii) If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

(d) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 13;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(g)); and

- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under 13.

## **7. Redemption and Purchase**

### *(a) At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### *(b) Redemption for Tax Reasons*

Unless otherwise specified in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 19 (which notice shall be irrevocable) if;

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent a certificate signed a duly authorised representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7 will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### *(c) Redemption at the Option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Final Terms, the Issuer may, subject to notification to the Luxembourg Stock Exchange and/or Euronext Amsterdam and having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Conditions 19; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(both of which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or same only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ('**Redeemed Notes**') will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands (to be reflected in the records of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands

as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter referred to as the '**Selection Date**'). In the case of Redeemed Notes represented by Definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 19 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by Definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of Definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 19 at least 5 days prior to the Selection Date.

*(d) Redemption at the Option of the Noteholders (Investor Put)*

Subject as provided in Condition 7(n), if Put Option is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 19 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent rolling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a '**Put Notice**') and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and Euroclear Netherlands (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and Euroclear Netherlands from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 15.

*(e) Redemption for illegality*

In the event that the Agent determines in good faith that the performance of the Issuer's obligations under the Notes or that any arrangements made to hedge the Issuer's obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than ten (10) nor more than 30 days' notice to Noteholders in accordance with Condition 19 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

*(f) Obligatory Redemption*



If Obligatory Redemption is specified as applicable in the applicable Final Terms, the Issuer has the obligation to redeem the Notes on the applicable Obligatory Redemption Date against payment of the applicable Obligatory Redemption Amount in accordance with the applicable Final Terms of the Notes.

*(g) Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 13, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the '**Amortised Face Amount**') equal to the product of:
  - (A) the Reference Price; and
  - (B) the sum of the figure 1 and the Accrual Yield, raised to the power of x, where 'x' is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Final Terms.

*(h) Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above.

*(i) Partly Paid Notes*

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of the applicable Final Terms.

*(j) Purchases*

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

*(k) Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with, in the case of Definitive Notes, all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and Notes purchased and cancelled pursuant to paragraph (i) above (together with, in the case of Definitive Notes, all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

*(l) Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 15 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (g)(iii) above as though the references therein to the date fixed for the redemption

or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 19.

*(m) Deferral of Principal of Tier 3 Notes*

If this Note is a Tier 3 Note, principal will not be repayable on the due date thereof if and to the extent that at the time or as a result of such payment the Issuer's actual Own Funds (as defined in Condition 5(g)) would amount to less than 100 per cent. of the Issuer's required minimum amount of Own Funds under *Besluit Prudentiële Regels Wft*. Any principal not paid on the date on which such principal would otherwise be payable will be paid by the Issuer if and to the extent that the Issuer will meet the solvency test referred to in the previous sentence. Any arrears of principal will also become fully payable on the date of dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which emergency measures as referred to in Article 3:160 of the Act on the Financial Supervision ("*Wet op het financieel toezicht*") is declared in respect of the Issuer. Where any amount of principal is paid in part, each part payment shall be made *pro rata* to the Tier 3 Noteholders. Any arrears of principal shall continue to bear interest at the applicable rate.

*(n) Redemption of Subordinated Notes*

Subordinated Notes may only be redeemed early upon receipt of the written approval of such redemption by the Dutch Central Bank.

## **8. Currency Linked Redemption Notes and Commodity Linked Redemption Notes**

Provisions relating to the redemption of Currency Linked Redemption Notes and Commodity Linked Redemption Notes will be set out in the applicable Final Terms.

## **9. Index Linked Notes**

*(a) Redemption of Index Linked Redemption Notes*

Unless previously redeemed or purchased and cancelled, each nominal amount of the Index Linked Redemption Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer on the Maturity Date at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms.

*(b) Adjustments to an Index and Additional Disruption Events*

*(i) Successor Index Sponsor Calculates and Reports an Index*

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

*(ii) Modification and Cessation of Calculation of an Index*

If (A) on or prior to the Valuation Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an '**Index Modification**') or permanently

cancels the Index and no Successor Index exists (an '**Index Cancellation**'), or (B) on the Valuation Date, the Index Sponsor or (if applicable) the successor Index Sponsor fails to calculate and announce a relevant Index (an '**Index Disruption**' and, together with an Index Modification and an Index Cancellation, each an '**Index Adjustment Event**'), then:

- (A) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the Reference Level using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on the Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or
- (B) the Issuer shall, on giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

Upon the occurrence of an Index Adjustment Event, the Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with Condition 19 giving details of the action proposed to be taken in relation thereto.

- (iii) If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may:

- (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Strike Level and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, and/or remove and/or substitute the affected Index, to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (B) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

- (iv) Correction of the Reference Level

In the event that any price or level published by the Index Sponsor which is utilised for any calculation or determination made under the Notes is subsequently corrected, the Calculation Agent will in its sole and absolute discretion adjust the terms of the Notes to account for such correction, provided that such correction is published and made available to the public by the Index Sponsor during a period following original publication equal in duration to the period in which a trade in futures or options contracts relating to the Index on the relevant Related Exchange would customarily settle according to the rules of such Related Exchange, or if there are multiple Related Exchanges in respect of the Index, the longest such period, and further provided, that such publication of such correction is made sufficiently (in the sole and absolute discretion of the Calculation Agent) in advance of the Maturity Date or the relevant Specified Interest Payment Date to make such adjustment prior to the Maturity Date or the relevant Specified Interest Payment Date, as the case may be.

(c) *Definitions applicable to Index Linked Notes*

**Additional Disruption Event** means Hedging Disruption, Increased Cost of Hedging or any other Additional Disruption Event, in each case if specified in the applicable Final Terms.

**Averaging Date** means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Final Terms provided that, if any Averaging Date is a Disrupted Day, then:

- (i) if 'Omission' is specified in the applicable Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Reference Level. If no Averaging Date would occur with respect to the relevant Valuation Date, then for the purposes of determining the relevant level on the final Averaging Date, such Averaging Date shall be deemed to be a Valuation Date;
- (ii) if 'Postponement' is specified in the applicable Final Terms, then such Averaging Date shall be deemed to be a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Index Linked Notes; or
- (iii) if 'Modified Postponement' is specified in the applicable Final Terms, then:
  - (A) where the Notes are specified in the applicable Final Terms to relate to a single Index, the Averaging Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the relevant Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Reference Level in the manner set out in the applicable Final Terms or, if not set out or not practicable, determine the Reference Level by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
  - (B) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Averaging Date for each Index affected by the occurrence of a Disrupted Day (each an '**Affected Index**') shall be the first succeeding Scheduled

Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Index. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Reference Level using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).

<b>Basket</b>	means a basket comprising two or more indices specified in the applicable Final Terms in the relative proportions specified in the applicable Final Terms.
<b>Disrupted Day</b>	means any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred.
<b>Exchange</b>	means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).
<b>Exchange Business Day</b>	means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.
<b>Final Redemption Amount</b>	means the Final Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount equal to:

- (i) in the case of an Index Linked Note in respect of which Call Option is specified as applicable in the applicable Final Terms ('**Call Index Linked Redemption Note**').

$$\frac{\text{Reference Level}}{\text{Strike Level}} \times \text{Specified Denomination}; \text{ or}$$

- (ii) in the case of an Index Linked Note in respect of which Put Option is specified as applicable in the applicable Final Terms ('**Put Index Linked Redemption Note**').

$$\frac{\text{Strike Level}}{\text{Reference Level}} \times \text{Specified Denomination}$$

provided always that the Final Redemption Amount shall in no event be less than zero. The Final Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit), in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.

**Hedging Disruption**

means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the index or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging**

means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the index or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**Index and Indices**

mean, subject to adjustment in accordance with Condition 9(b), the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Index Sponsor**

means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

**Initial Level**

means the level specified as such in the applicable Final Terms.

**Least Performer**

means, with respect to an Exchange Business Day during the Observation Period, the Index in respect of which the following formula yields, in the determination of the Calculation Agent, the smallest positive number or the largest negative

number, on such Exchange Business Day:

(Reference Level of the Index on the Exchange Business Day minus the Initial Level with respect to such Index) divided by the Initial Level with respect to such Index,

provided that if the above formula yields the same number with respect to two or more Indices the Calculation Agent shall determine the Least Performer.

**Market Disruption Event**

means, in respect of an Index:

- (i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
  - (A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
    - (x) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
    - (y) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
  - (B) any event (other than an event described in (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (ii) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall

be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

**Multiplier**

means the weight of each of the Indices comprising the Basket, as specified in the applicable Final Terms.

**Observation Date(s)**

means each date specified as such in the applicable Final Terms, or if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless Disrupted Day is specified as applicable in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Index, the Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Observation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent, shall, where practicable, determine the Reference Level in the manner set out in the applicable Final Terms, or if not set out or not so practicable, determine the Reference Level in accordance with its good faith estimate of the Reference Level as of the Valuation Time on that eighth Scheduled Trading Day; or
- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, the Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date, and the Observation Date for each Index affected by the occurrence of a Disrupted Day (each an Affected Index) shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day relating to the Affected Index. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Observation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall where practicable, determine the Reference Level in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Level in accordance with its good faith estimate of the Reference Level as of the Valuation Time on that eighth Scheduled Trading Day.

**Observation Period**

means the period specified in the applicable Final Terms as being the Observation Period.

**Reference Level**

means:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Index, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official closing level of the Index published by the Index Sponsor on the relevant date, as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent at such Valuation Time on



the relevant date); and

- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the sum of the values calculated for each Index as the official closing level of each Index as published by the Index Sponsor on the relevant date, as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent at such Valuation Time on the relevant date), multiplied by the relevant Multiplier specified in the applicable Final Terms.

**Related Exchange**

means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where 'All Exchanges' is specified as the Related Exchange in the applicable Final Terms, 'Related Exchange' shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

**Scheduled Closing Time**

means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

**Scheduled Observation Date**

means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

**Scheduled Trading Day**

means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date**

means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**Strike Level**

means the level specified as such in the applicable Final Terms.

**Trade Date**

means the date specified as such in the applicable Final Terms.

**Valuation Date**

means the date (or dates) specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless Disrupted Day is specified as applicable in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading

Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent, shall, where practicable, determine the Reference Level in the manner set out in the applicable Final Terms, or if not set out or not so practicable, determine the Reference Level in accordance with its good faith estimate of the Reference Level as of the Valuation Time on that eighth Scheduled Trading Day; or

- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an '**Affected Index**') shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Index. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall where practicable, determine the Reference Level in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Level in accordance with its good faith estimate of the Reference Level as of the Valuation Time on that eighth Scheduled Trading Day

#### **Valuation Time**

means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

#### **10. Equity Linked Notes**

##### *(a) Redemption of Equity Linked Redemption Notes*

Unless previously redeemed or purchased and cancelled, each nominal amount of Equity Linked Redemption Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer on the Maturity Date (A) if Cash Settlement is specified in the applicable Final Terms, by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date or (B) if Physical Delivery is specified in the applicable Final Terms, by delivery of the Asset Amount specified in, or determined in the manner specified in, the applicable Final Terms (subject as provided below) or (C) if Cash Settlement and/or Physical Delivery is specified in the applicable Final Terms, by payment of the Final Redemption Amount and/or by delivery of the Asset Amount on the terms set out in the applicable Final Terms, in each case on the Maturity Date (subject as provided below).

##### *(b) Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Additional Disruption Events and Adjustments for Equity Linked Notes in respect of Underlying Equities quoted in European Currencies*

- (i) If Potential Adjustment Events are specified as applicable in the applicable Final Terms, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the Underlying Equities and, if so, the Issuer may:

- (A) require the Calculation Agent to (1) make the corresponding adjustment, if any, to any one or more of the Final Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and/or remove and/or substitute the affected Underlying Equity, in each case, as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Underlying Equity) and (2) determine the effective date of that adjustment; or
- (B) by giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

If the provisions of Condition 10(b)(i)(A) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon making an adjustment pursuant to Condition 10(b)(i)(A), the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 19, stating the adjustment to the Final Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

- (ii) If (x) De-listing, Merger Event, Nationalisation and/or Insolvency is specified as applicable in the applicable Final Terms and/or (y) Tender Offer is specified as applicable in the applicable Final Terms, and (in the case of (x)) a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer in its sole and absolute discretion may:

- (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Asset Amount and/or the Strike Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, and/or remove and/or substitute the affected Underlying Equity, to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment; or
- (B) by giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

If the provisions of Condition 10(b)(ii)(A) apply, the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the occurrence of the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(iii) If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may:

- (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Asset Amount and/or the Strike Level and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, and/or remove and/or substitute the affected Underlying Equity, to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (B) give notice to the Noteholders in accordance with Condition 19 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(iv) In respect of Equity Linked Redemption Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final Terms, the principal market on which those Underlying Equities are traded, then the Calculation Agent will adjust any one or more of the Final Redemption Amount and/or the Asset Amount and/or the Strike Level and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 10(b)(iv) will affect the currency denomination of any payment obligation arising out of the Notes.

(v) Correction of the Reference Price

In the event that any price or level published by an Exchange which is utilised for any calculation or determination made under the Notes is subsequently corrected, the Calculation Agent will in its sole and absolute discretion adjust the terms of the Notes to account for such correction, provided that such correction is published and made available to the public by the relevant Exchange during a period following original publication equal in duration to the period in which a trade in the Underlying Equity would customarily settle according to the rules of such Exchange, and further provided, that such publication of such correction is made sufficiently (in the sole and absolute discretion of the Calculation Agent) in advance of the Maturity Date or the Specified Interest Payment Date to make such adjustment prior to the Maturity Date or the relevant Specified Interest Payment Date, as the case may be.

(c) *Physical Delivery*

(i) If any Equity Linked Redemption Note is to be redeemed by delivery of the Asset Amount comprising the Relevant Asset, in order to obtain delivery of the Asset Amount(s) in respect of such Note:

- (A) if such Note is represented by a Global Note, the relevant Noteholder must deliver or have delivered to Euroclear, Clearstream, Luxembourg or Euroclear Netherlands (as applicable), with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice; and

- (B) if such Note is a Definitive Note, the relevant Noteholder must deliver such note to any Paying Agent, with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below).

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, or (ii) if such Note is a Definitive Note, in writing or by tested telex.

If this Note is a Definitive Note, it must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (1) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details required for delivery of the Asset Amount set out in the applicable Final Terms;
- (2) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Delivery Date (as defined below);
- (3) include an undertaking to pay all Delivery Expenses (as defined below) and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (4) specify an account to which dividends (if any) payable pursuant to this Condition 10 or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
- (5) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, Luxembourg or a Paying Agent, as the case may be, as provided above. After delivery of Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, shall verify that the person specified therein as the Noteholder is the holder of the specified nominal amount of Notes according to its books.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such Asset Transfer Notice has been properly completed and delivered as provided in these Terms and Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, after consultation with the

Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Definitive Notes, by the relevant Paying Agent, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

Delivery of the Asset Amount in respect of each Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms.

In relation to each Note which is to be redeemed by delivery of the Asset Amount, the Asset Amount will be delivered at the risk of the relevant Noteholder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the **'Delivery Date'**), provided that the Asset Transfer Notice is duly delivered to Euroclear, Clearstream, Luxembourg or Euroclear Netherlands or a Paying Agent, as the case may be, with a copy to the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date specified in the applicable Final Terms.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, then the Asset Amount will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the originally designated Delivery Date and no liability in respect thereof shall attach to the Issuer.

- (ii) All Delivery Expenses arising from the delivery of the Asset Amount in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

After delivery of the Asset Amount and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

If, prior to the delivery of the Asset Amount in accordance with this Condition, a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Note shall be postponed until the date on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Noteholder, in accordance with Condition 19. Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Asset Amount pursuant to this paragraph. Where delivery of the Asset Amount has been postponed as provided in this paragraph the Issuer shall not be in breach of these Terms and Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Asset Amount in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to

satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the '**Election Notice**') is given to the Noteholders in accordance with Condition 19. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 19.

Where the Asset Amount is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Noteholders will receive an Asset Amount comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Noteholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Asset Amounts), and an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 19.

For the purposes of the Notes (i) the Issuer shall be under no obligation to register or procure the registration of any Noteholder or any other person as the registered shareholder in the register of members of any Equity Issuer, (ii) the Issuer shall not be obliged to account to any Noteholder or any other person for any entitlement received or that is receivable in respect of any Underlying Equities comprising the Asset Amount in respect of any Note if the date on which the Underlying Equities are first traded on the relevant Exchange such entitlement is on or prior to the Maturity Date and (iii) any interest, dividend or other distribution in respect of any Asset Amount will be payable to the party that would receive such interest, dividend or other distribution according to market practice for a sale of the relevant Underlying Equity executed on the Delivery Date and to be delivered in the same manner as the Asset Amount. Any such interest, dividend or other distribution to be paid to a Noteholder shall be paid to the account specified in the relevant Asset Transfer Notice.

- (iii) If, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Asset Amount (the '**Affected Relevant Assets**') due to illiquidity in the market for the Relevant Assets (a '**Failure to Deliver**'), then:
  - (A) subject as provided elsewhere in these Terms and Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered *pro rata* on the originally designated Delivery Date in accordance with this Condition 10(c); and
  - (B) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the Noteholder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date on which the Failure to Deliver Notice (as defined below) is given to the Noteholders in accordance with Condition 19. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 19. The Issuer shall give notice (such notice a '**Failure to Deliver Notice**') as soon as reasonably practicable to the Noteholders in accordance with Condition 19 that the provisions of this Condition 10(c)(iii) apply.

- (d) *Definitions applicable to Equity Linked Notes*

<b>Additional Disruption Event</b>	means Hedging Disruption, Increased Cost of Hedging, or any other Additional Disruption Event, in each case if specified in the applicable Final Terms.
<b>Asset Transfer Notice</b>	means a duly completed asset transfer notice substantially in the form set out in the Agency Agreement.
<b>Asset Amount</b>	has the meaning given in the applicable Final Terms.
<b>Averaging Date</b>	<p>means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Final Terms provided that, if any Averaging Date is a Disrupted Day, then:</p> <ul style="list-style-type: none"> <li>(i) if 'Omission' is specified in the applicable Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Reference Price. If no Averaging Date would occur with respect to the relevant Valuation Date, then for the purposes of determining the Reference Price on the final Averaging Date, such Averaging Date shall be deemed to be a Valuation Date;</li> <li>(ii) if 'Postponement' is specified in the applicable Final Terms, then such Averaging Date shall be deemed to be a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Equity Linked Notes; or</li> <li>(iii) if 'Modified Postponement' is specified in the applicable Final Terms, then: <ul style="list-style-type: none"> <li>(A) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, the Averaging Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or</li> <li>(B) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, the Averaging Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Averaging Date for each Underlying Equity affected (each an '<b>Affected Equity</b>') by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or if not so practicable,</li> </ul> </li> </ul>



determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day.

<b>Basket</b>	means a basket composed of the Underlying Equities specified in the applicable Final Terms in the relative proportions or numbers of Underlying Equities specified in the applicable Final Terms.
<b>Cut-off Date</b>	has the meaning given to it in the applicable Final Terms.
<b>De-Listing</b>	means, in respect of any relevant Underlying Equities, the Exchange announces that pursuant to the rules of such Exchange, such Underlying Equities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).
<b>Delivery Expenses</b>	means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Asset Amount.
<b>Disruption Cash Settlement Price</b>	means an amount equal to the market value of the relevant Note (but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to Conditions 3 and 10) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date on which the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any Affiliate of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.
<b>Disrupted Day</b>	means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.
<b>Equity Issuer</b>	means, in respect of an Underlying Equity, the issuer of such Underlying Equity.
<b>Exchange</b>	means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).
<b>Exchange Business Day</b>	means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.
<b>Failure to Deliver Settlement Price</b>	means, in respect of each nominal amount of the Notes equal to the lowest Specified Denomination, the fair market value of the Affected Relevant Assets on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the proportionate cost to the Issuer and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Notes, all as calculated by the Calculation Agent in its sole and absolute discretion.

<b>Final Redemption Amount</b>	<p>means the Final Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:</p> <p>(i) in the case of an Equity Linked Redemption Note in respect of which Call Option is specified as applicable in the applicable Final Terms ('<b>Call Equity Linked Redemption Note</b>').</p> $\frac{\text{Reference Price}}{\text{Strike Price}} \times \text{Specified Denomination}; \text{ or}$ <p>(ii) in the case of an Equity Linked Redemption Note in respect of which Put Option is specified as applicable in the applicable Final Terms ('<b>Put Equity Linked Redemption Note</b>').</p> $\frac{\text{Strike Price}}{\text{Reference Price}} \times \text{Specified Denomination},$ <p>provided always that the Final Redemption Amount shall in no event be less than zero. The Final Redemption Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards.</p>
<b>Hedging Disruption</b>	<p>means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).</p>
<b>Increased Cost of Hedging</b>	<p>means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.</p>
<b>Initial Price</b>	<p>means the price specified as such in the applicable Final Terms.</p>
<b>Insolvency</b>	<p>means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of, or any analogous proceeding affecting, an Equity Issuer (a) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them.</p>
<b>Least Performer</b>	<p>means, with respect to an Exchange Business Day during the Observation Period, the Underlying Equity in respect of which the following formula yields, in the determination of the Calculation Agent, the smallest positive number or the largest negative number, on such Exchange Business Day:</p>

(Reference Price of the Underlying Equity on the Exchange Business Day minus the Initial Price with respect to such Underlying Equity) divided by the Initial Price with respect to such Underlying Equity,

provided that if the above formula yields the same number with respect to two or more Underlying Equities the Calculation Agent shall determine the Least Performer.

**Market Disruption Event**

means, in respect of an Underlying Equity:

- (i) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
    - (A) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
      - (x) relating to the Underlying Equity on the Exchange; or
      - (y) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
    - (B) any event (other than as described in (ii) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (x) to effect transactions, in or obtain market values for, the Underlying Equities on the Exchange or (y) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Underlying Equity on any relevant Related Exchange,
- which in either case the Calculation Agent determines is material; or
- (ii) the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**Merger Date**

means, the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**Merger Event**

means, in respect of any relevant Underlying Equities, any (i) reclassification or change of such Underlying Equities that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Equities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in a reclassification or change of all of such Underlying Equities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying

Equities of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities (other than Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event (a '**Reverse Merger**'), in each case if the Merger Date is on or before the Valuation Date or, if the Notes are to be redeemed by delivery of Underlying Equities, the Maturity Date.

**Multiplier** means the weight of each of the Underlying Equities comprising the Basket as specified in the applicable Final Terms.

**Nationalisation** means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**Observation Date(s)** means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless Disrupted Day is specified as applicable in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, the Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Observation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent, shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or
- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, the Observation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date, and the Observation Date for each Underlying Equity affected by the occurrence of a Disrupted Day (each an '**Affected Equity**') shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Observation Date is a Disrupted Day relating to the Affected Equity. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Observation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day.

**Observation Period** means the period specified in the applicable Final Terms as being the Observation Period.

**Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (i) such Underlying Equities or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities, or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
- (v) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vi) in respect of an Equity Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; and
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.

**Reference Price** means:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, an amount equal to the official closing price on the relevant date (or the price at the Valuation Time on the relevant date, if a Valuation Time is specified in the applicable Final Terms) of the Underlying Equity quoted on the relevant Exchange as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or, as the case may be, price at the Valuation Time on the relevant date, if a Valuation Time is specified in the applicable Final Terms) can be determined at such time, unless Disrupted Day is specified as applicable in the applicable Final Terms and the relevant date is a Disrupted Day, the Calculation Agent's good faith estimate of the value of the Underlying Equity as of the actual closing time of the Exchange on the relevant date (or the value of the Underlying Equity at the Valuation Time on the relevant date, if Valuation Time is specified in the applicable Final Terms)).

The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price; and

- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, an amount equal to the sum of the values calculated for each Underlying Equity as the official closing price (or the price at the Valuation Time on the relevant date, if a Valuation Time is specified in the applicable Final Terms) of the Underlying Equity quoted on the relevant Exchange as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or price at the Valuation Time on the relevant date, if a Valuation Time is specified in the applicable Final Terms) can be determined at such time, unless Disrupted Day is specified as applicable in the applicable Final Terms and the relevant date is a Disrupted Day the Calculation Agent's good faith estimate of the value of the Underlying Equity as of the actual closing time of the Exchange on the relevant date (or the value of the Underlying Equity at the Valuation Time on the relevant date, if Valuation Time is specified in the applicable Final Terms)), multiplied by the relevant Multiplier. Each amount determined pursuant to the foregoing shall be converted, if the Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate and the sum of such converted amounts shall be the Reference Price.

<b>Related Exchange</b>	means, in relation to an Underlying Equity, each exchange or quotation system specified as such in relation to such Underlying Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided That where 'All Exchanges' is specified as the Related Exchange in the applicable Final Terms, 'Related Exchange' shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Equity.
<b>Relevant Assets</b>	means the assets specified as such in the applicable Final Terms.
<b>Scheduled Closing Time</b>	means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.
<b>Scheduled Observation Date</b>	means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.
<b>Scheduled Trading Day</b>	means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.
<b>Scheduled Valuation Date</b>	means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.
<b>Settlement Disruption Event</b>	means an event beyond the control of the Issuer (including but not limited to non-delivery of the Asset Amount by a counterparty to an agreement entered into by the Issuer to hedge the Notes) as a result of which, in the opinion of the Calculation Agent, delivery of the

Asset Amount by or on behalf of the Issuer in accordance with these Terms and Conditions and/or the applicable Final Terms is not practicable.

<b>Strike Price</b>	means the price specified as such in the applicable Final Terms.
<b>Tender Offer</b>	means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than ten (10) per cent. and less than 100 per cent. of the outstanding voting shares of the Equity Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.
<b>Trade Date</b>	means the date specified as such in the applicable Final Terms.
<b>Underlying Equity</b>	means the share(s) or other securities specified in the applicable Final Terms.
<b>Valuation Date</b>	<p>means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless Disrupted Day is specified as applicable in the applicable Final Terms and, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day:</p> <ul style="list-style-type: none"><li>(i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or</li><li>(ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, the Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Underlying Equity affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day (each an '<b>Affected Equity</b>') relating to the Affected Equity unless each of the eight (8) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case, (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall where practicable, determine the Reference Price in the manner set out in the applicable Final Terms or, if not set out or if not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day.</li></ul>
<b>Valuation Time</b>	means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant date in relation to each Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time

for its regular trading session, then the Valuation Time shall be such actual closing time.

## **11. Fund Linked Notes**

### *(a) Redemption of Fund Linked Redemption Notes*

Unless previously redeemed or purchased and cancelled, each nominal amount of Fund Linked Redemption Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer on the Maturity Date at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms.

### *(b) Potential Adjustment Events*

If Potential Adjustment Events are specified as applicable in the applicable Final Terms, then following the declaration by the Reference Fund of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest and, if so, the Issuer may:

- (i) require the Calculation Agent to (1) make the corresponding adjustment(s), if any, to any one or more of the Final Redemption Amount and/or Strike Price and/or the relevant number of Fund Interest Units of the Reference Fund and/or any of the other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest Unit or amount of Fund Interest) and (ii) determine the effective date(s) of the adjustment(s); and (2) determine the effective date of that adjustment, or
- (ii) by giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

Upon making such adjustment pursuant to this Condition 11(b)(ii), the Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with Condition 19, stating the adjustment to the Final Redemption Amount and/or Strike Price and/or the relevant number of units of the Reference Fund and/or any of the other terms of these Terms and Conditions and/or the Final Terms giving details of the Potential Adjustment Event.

### *(c) Adjustments in relation to an Extraordinary Event*

If Extraordinary Events are specified as applicable in the applicable Final Terms, then following the occurrence of such Extraordinary Event in respect of a Reference Fund (the '**Affected Reference Fund**'), the Calculation Agent shall either:

- (i) declare a Reallocation Event and determine the effective date of such Reallocation Event; or
- (ii) declare a Removal Event and determine the effective date of such Removal Event; or
- (iii) by giving notice to the Noteholders in accordance with Condition 19, redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

Upon making an adjustment pursuant to this Condition 11(c)(i) or (ii), the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 19 stating the adjustment and giving brief details of the Extraordinary Event



(d) *Adjustments in relation to a Fund Disruption Event*

As soon as reasonably practicable, following the occurrence of any Fund Disruption Event, the Calculation Agent shall, in its sole discretion, determine (as soon as practicable thereafter) the appropriate adjustment, if any, to be made to any of these Conditions in relation to the Notes to account for the effect of such event or otherwise necessary to preserve the economic equivalent of the rights of the Noteholders pursuant to the Notes immediately prior to such event, such adjustment to be effective as of the date determined by the Calculation Agent.

(e) *Correction of Fund Interest Prices*

In the event that (i) any price published by or on behalf of a Reference Fund with respect to any Fund Interest to which Reported Value Method is applicable and which is utilised for any calculation or determination made under a Fund Linked Note is subsequently corrected and the correction is published by the Reference Fund within one Settlement Cycle after the original publication, or (ii) a Reference Fund with respect to any Fund Interest to which Deemed Payout Method is applicable adjusts the Redemption Proceeds that would have been paid to a Hypothetical Investor redeeming the number of Fund Interest Units or amount of Fund Interest that is subject to valuation, and such adjustment would be reflected in either an additional payment to such Hypothetical Investor, or a claim for repayment of excess Redemption Proceeds made against such Hypothetical Investor, in each case no later than by the last day of the Cut-off Period starting on the Final Observation Date, then either party may notify the other party of that correction and the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such Fund Linked Note to account for such correction.

(f) *Definitions Applicable to Fund Linked Notes*

<b>Adviser Termination Event</b>	means, in respect of any Reference Fund, the resignation, termination, or replacement of its Fund Adviser.
<b>Affiliates</b>	means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person (for such purposes, 'control' of any entity or person means ownership of a majority of the voting power of the entity or person).
<b>Assets Under Management Trigger</b>	means the aggregate Net Asset Value of assets managed by the Reference Fund's Fund Manager or Fund Adviser falls below €200,000,000 (or such other amount as specified in the applicable Final Terms) or its equivalent in the Specified Currency.
<b>Averaging Date</b>	<p>means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Final Terms (or, (i) in respect of any Fund Interest to which Reported Value Method is applicable, if such date is not a Fund Business Day, the next following Fund Business Day, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, if such day is not a Currency Business Day, the next following Currency Business Day), provided that if any Averaging Date is a Fund Disrupted Day, then:</p> <p>(i) if 'Omission' is specified in the applicable Final Terms, such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price. If no Averaging Date would occur with respect to the relevant Valuation Date, then for the purposes of determining the relevant price or amount on the final Averaging Date, such Averaging Date shall be deemed to be a Valuation Date;</p> <p>(ii) if 'Postponement' is specified in the applicable Final Terms, then such Averaging Date shall be deemed to be a Valuation Date that was a Fund Disrupted Day</p>

irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a date that already is or is deemed to be an Averaging Date for the Fund Linked Notes; or

(iii) if 'Modified Postponement' is specified in the applicable Final Terms, then:

- (A) in respect of a single Fund Interest, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred prior to the last day of the Cut-off Period starting on the original date that, but for the occurrence of another Averaging Date or Fund Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) the last day of such Cut-off Period shall be deemed the Averaging Date (irrespective of whether such day is already an Averaging Date), and (2) the Calculation Agent shall determine the relevant price or amount for that Averaging Date shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Averaging Date;
- (B) in respect of a Basket of Fund Interests, the Averaging Date for each Fund Interest not affected by the occurrence of a Fund Disrupted Day shall be the date specified in the applicable Final Terms as an Averaging Date in respect of the relevant Valuation Date and the Averaging Date for any Fund Interest affected by the occurrence of a Fund Disrupted Day shall be the first succeeding Valid Date in relation to such Fund Interest. If the first succeeding Valid Date has not occurred prior to the last day of the Cut-off Period starting on the original date that, but for the occurrence of another Averaging Date or Fund Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) the last day of such Cut-off Period shall be deemed the Averaging Date (irrespective of whether such day is already an Averaging Date), and (2) the Calculation Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Averaging Date.

If any Averaging Dates in relation to a Valuation Date occurs after that Valuation Date as a result of the occurrence of a Fund Disrupted Day, then (i) the relevant Redemption Payment Date, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

<b>Basket</b>	means a basket composed of such Reference Funds specified in the applicable Final Terms in the relative proportions or number of Fund Interest Units of each Reference Fund specified in the applicable Final Terms.
<b>Benchmark Change</b>	means the material alteration of the stated benchmark of the Reference Fund specified in the applicable Final Terms.
<b>Breach or Termination of Trading Agreement</b>	means (i) the Reference Fund and/or the Fund Manager and/or the Fund Adviser fail to execute a Trading Agreement, if required by the Calculation Agent, or (ii) any breach, violation or termination by the Reference Fund and/or the Fund Manager and/or the Fund Adviser of the Trading Agreement.
<b>Cash Loan</b>	means a notional loan specified as such in the applicable Final Terms.

<b>Change in Law</b>	<p>means any actual or anticipated change in law or regulation or the administration or interpretation thereof (whether formal or informal) after the Trade Date or Issue Date, as the case may be, which:</p> <ul style="list-style-type: none"> <li>(i) causes a Hypothetical Investor to incur a materially increased cost in performing its obligations in respect of the security issued by the Hypothetical Investor similar to the Notes; or</li> <li>(ii) results in it becoming illegal for a Hypothetical Investor to hold, acquire or dispose of Fund Interests Units; or</li> <li>(iii) results in it becoming illegal for the Reference Fund, Fund Manager and/or the Fund Adviser to rebate fees or to vary any other term of the Fund Documents by agreement with individual investors and/or the Hypothetical Investor.</li> </ul>
<b>Change in Tax Law</b>	<p>means any actual or anticipated change in tax law or regulation or the administration or interpretation thereof (whether formal or informal) after the Trade Date or Issue Date, as the case may be, which causes a Hypothetical Investor to incur a materially increased cost in performing its obligations in respect of a security issued by the Hypothetical Investor similar to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).</p>
<b>Change in Treatment</b>	<p>means any change in the legal, tax, accounting or regulatory treatment of the Reference Fund, its Fund Manager and/or the Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interests Units or on any investor therein.</p>
<b>Currency Business Day</b>	<p>means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency or, in respect of euro, any day on which TARGET 2 is open shall be a Currency Business Day.</p>
<b>Cut-off Period</b>	<p>means, in respect of any date, the period specified as such the applicable Final Terms, or if no such period is specified, a period of one calendar year ending on the first anniversary of such date; provided that if a 'Final Cut-off Date' is specified in the applicable Final Terms, then any Cut-off Period that would otherwise end after such Final Cut-off Date shall end on such Final Cut-off Date.</p>
<b>Deemed Payout Method</b>	<p>means, in relation to any Fund Interest, a certain valuation method reflected in the operations of the Relevant Price, Final Price and other provisions herein, and which shall be applicable to such Fund Interest if so specified in the applicable Final Terms.</p>
<b>Due Diligence Failure</b>	<p>means that a Reference Fund fails to satisfy the requirements of the Calculation Agent's initial and on-going due diligence process and other internal control procedures (as such procedures may be amended from time to time).</p>
<b>Extraordinary Dividend</b>	<p>means an amount per relevant Fund Interest Unit or other amount of Fund Interest so specified in the applicable Final Terms. If not so specified or determined in the Final Terms, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent acting in good faith.</p>
<b>Extraordinary Event</b>	<p>means, with respect to a Fund Linked Note, a Nationalisation, Insolvency and/or any applicable Extraordinary Fund Event, as the case may be, specified in the applicable Final Terms.</p>
<b>Extraordinary Fund</b>	<p>The Calculation Agent has the right but not the obligation to declare the occurrence (or</p>

<b>Event</b>	waive) any one or more of the following events: Fund Insolvency Event, Adviser Termination Event, Strategy Breach, Regulatory Action, Reporting Disruption, Change in Law/Tax, Modification of Fund Documents, Hedging Disruption, Increased Cost of Hedging, Change in Law, Change in Tax Law, NAV Disruption Event, Failure to Deliver Information, Regulatory Action, Legal Action, Change in Treatment, Due Diligence Failure, Breach or Termination of Trading Agreement, NAV Trigger Event, Key Person Event, Minimum Outstanding Amount of Notes, Benchmark Change, Organisational Change, Assets Under Management Trigger and/or any other event specified in the applicable Final Terms (each a ' <b>Reallocation Event</b> ') and shall not be liable to any person for losses resulting from any such declaration (or waiver), its timing or consequential removal, reallocation or termination. The Calculation Agent shall make all determinations, including decisions as to materiality, in its sole discretion.
<b>Failure to Deliver Information</b>	means any failure of the Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund and/or the Fund Manager and/or the Fund Adviser has agreed to deliver or cause to be delivered to the Calculation Agent, or (B) information that has been previously delivered to the Calculation Agent in accordance with such Reference Fund's or its authorised representative's normal practice and that the Calculation Agent deems necessary for it to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Fund Interests Units.
<b>Final Observation Date</b>	means the date specified as such in the applicable Final Terms.
<b>Final Price</b>	<p>means, in respect of each Valuation Date, the price per related Fund Interest Unit determined by the Calculation Agent either as provided in the applicable Final Terms as of the Valuation Time on the Valuation Date or, if no means for determining the Final Price are so provided, pursuant to the following provisions:</p> <ul style="list-style-type: none"> <li>(i) in respect of any Fund Interest to which Reported Value Method is applicable, the Final Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined as of the Valuation Date, subject to the applicable Reported Value Convention; provided that if the applicable Final Terms specifies that the Reported Value Method is subject to Calculation Agent Adjustment, the Calculation Agent shall (A) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant portion per Fund Interest Unit of (x) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (y) such other fees as are specified as 'Redemption Fees' in the applicable Final Terms and (z) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the Scheduled Redemption Valuation Date relating to such Valuation Date of all Fund Interest Units that are subject to valuation and (B) if the Calculation Agent determines that no adjustment that it could make under (A) will produce a commercially reasonable result, notify the parties that Deemed Payout Method shall apply; or</li> <li>(ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, the Final Price per related Fund Interest Unit in respect of a Valuation Date shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in such Fund Interest, in connection with a redemption of all Fund Interest Units that are subject to valuation during the period from, and including, the Initial Observation Date to, and including, the Final Observation Date relating to such Valuation Date.</li> </ul>

<b>Following Redemption Valuation Date</b>	means that such Valuation Date or Averaging Date, as applicable, shall be postponed until the next following Scheduled Redemption Valuation Date, without prejudice to any further adjustments pursuant to the Fund Disrupted Day provisions, and the Reported Fund Interest Value shall be determined as of such Scheduled Redemption Valuation Date.
<b>Fund Administrator</b>	means any person specified as such in the applicable Final Terms or if no person is so specified, the fund administrator, adviser, trustee or similar person with the primary administrative responsibilities for such Reference Fund according to the Fund Documents.
<b>Fund Adviser</b>	means any person specified as such in the applicable Final Terms or if no person is so specified, any person appointed in the role of discretionary or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary adviser) for such Reference Fund.
<b>Fund Business Day</b>	means a day on which the Reference Fund accepts subscription and redemption orders as specified in the Fund Documents.
<b>Fund Component</b>	means a notional investment in the Reference Fund or Basket of Reference Funds specified as such in the applicable Final Terms.
<b>Fund Disrupted Day</b>	means any day on which a Fund Disruption Event has occurred or is continuing. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the parties or other party, as the case may be, of the occurrence of a Fund Disrupted Day on any day that, but for the occurrence or continuance of a Fund Disrupted Day, would have been an Averaging Date, or a Valuation Date, as the case may be. Without limiting the obligation of the Calculation Agent to notify the parties as set forth in the preceding sentence, failure by the Calculation Agent to notify the parties of the occurrence of a Fund Disrupted Day shall not affect the validity of the occurrence and the effect of such Fund Disrupted Day on the Notes.

If any Valuation Date is a Fund Disrupted Day then:

- (i) where the Notes are specified in the applicable Final Terms to relate to a single Fund Interest, the Valuation Date shall be the next succeeding day that is not a Fund Disrupted Day, unless no day that is not a Fund Disrupted Day has occurred prior to the last day of the Cut-off Period starting on the Scheduled Valuation Date. In that case, (i) the last day of such Cut-off Period shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Fund Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Fund Interest as of the Valuation Time on that deemed Valuation Date; and
- (ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Fund Interests, to the extent it relates to any Fund Interest to which Reported Value Method or Deemed Payout Method is applicable, the Valuation Date for each Fund Interest not affected by the occurrence of a Fund Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Fund Interest affected by the occurrence of a Fund Disrupted Day shall be the first succeeding day that is not a Fund Disrupted Day relating to that Fund Interest, unless no day that is not a Fund Disrupted Day has occurred prior to the last day of the Cut-off Period starting on the Scheduled Valuation Date. In that case, (i) the last day of such Cut-off Period shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Fund Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value for that Fund Interest as of the

Valuation Time on that deemed Valuation Date.

<b>Fund Disruption Event</b>	means, unless otherwise specified in the applicable Final Terms, in respect of any Fund Interest (a) to which Reported Value Method is applicable, the occurrence or existence of a Fund Valuation Disruption and (b) to which Deemed Payout Method is applicable, a Fund Settlement Disruption, in each case as determined by the Calculation Agent as of the Valuation Time on the relevant Valuation Date, Averaging Date and at such other relevant dates and times as specified in the applicable Final Terms.
<b>Fund Documents</b>	means, with respect to any Fund Interest, the constitutive and governing documents, subscription agreements, material contracts, prospectus and other agreements of the related Reference Fund specifying the terms and conditions relating to such Fund Interest and any additional fund documents, in each case, as amended from time to time.
<b>Fund Hedging Disruption</b>	means, with respect to a Fund Linked Note, that the Hedging Party is unable, or it is impractical for the Hedging Party, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest of entering into and performing its obligations with respect to such Fund Linked Note, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant Reference Fund on any investor's ability to redeem such Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (B) any mandatory redemption, in whole or in part, of such Fund Interest imposed by the relevant Reference Fund (in each case other than any restriction in existence on the date on which such Fund Interest was first included in such Fund Linked Note).
<b>Fund Insolvency Event</b>	means, at any time, the winding-up, dissolution, liquidation, bankruptcy, insolvency, creditors' arrangement or any cessation of trading (or an event with analogous effect) of the Reference Fund or a Fund Service Provider unless the affected Fund Service Provider is replaced with a successor acceptable to the Calculation Agent.
<b>Fund Interest</b>	means an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the applicable Final Terms.
<b>Fund Interest Unit</b>	means, in respect of a Fund Interest in a Reference Fund, a share of such Fund Interest or, if Fund Interests in such Reference Fund are not denominated as shares, a notional unit of account of ownership of such Fund Interest in such Reference Fund in the amount specified in the applicable Final Terms; provided that if no such amount is so specified, then the entire amount of Fund Interest in which the Hypothetical Investor is deemed to invest on the Trade Date shall be a single Fund Interest Unit.
<b>Fund Manager</b>	means any person specified as such in the applicable Final Terms or if no person is so specified, any person appointed in the role of discretionary or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary adviser) for such Reference Fund.
<b>Fund Reporting Date</b>	means, with respect to any Fund Interest and Fund Valuation Date, the date on which the Reported Fund Interest Value of such Fund Interest as determined as of such Fund Valuation Date is reported or published.
<b>Fund Service Provider</b>	means, in respect of any Reference Fund, any person who is appointed to provide services, directly or indirectly, for that Reference Fund, whether or not specified in the Fund Documents, including any Fund Adviser, Fund Administrator, Fund Manager, operator,

management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person specified as such in the applicable Final Terms.

<b>Fund Settlement Disruption</b>	means, in respect of a Fund Interest and any day, a failure by the Reference Fund to pay the full amount (whether expressed as a percentage or otherwise) of the Redemption Proceeds with respect to the relevant number of Fund Interest Units or amount of such Fund Interest scheduled to have been paid on or by such day according to the Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests).
<b>Fund Valuation Date</b>	means, with respect to any Fund Interest, a date as of which the related Reference Fund (or I Fund Service Provider that generally determines such value) determines the value of such Fund Interest or, if the related Reference Fund only reports its aggregate Net Asset Value, a date as of which such Reference Fund determines its aggregate Net Asset Value.
<b>Fund Valuation Disruption</b>	means, (a) in respect of a Fund Interest to be valued using the Reported Value Method for which the applicable Reported Value Convention is either Prior Redemption Valuation Date or Following Redemption Valuation Date, the failure of a Scheduled Redemption Valuation Date to be a Redemption Valuation Date or any continued postponement of such Redemption Valuation Date, and (b) for any other Fund Interest, the failure of a Scheduled Fund Valuation Date to be a Fund Valuation Date or any continued postponement of such Fund Valuation Date.
<b>Hedging Disruption</b>	<p>Means:</p> <ul style="list-style-type: none"><li>(i) any event or circumstance that results or is likely to result in a Hypothetical Investor being unable, or it being impractical, to purchase, redeem for cash, hold or transfer Fund Interest Units, including but not limited to the suspension by the Reference Fund of Fund Interest Units subscriptions or redemptions and compulsory redemptions; and</li><li>(ii) a Hypothetical Investor being subject to new or more onerous restrictions on its ability to subscribe for, transfer or redeem, Fund Interest Units (including but not limited to the imposition of, or increase in, fees or charges in relation to redemptions, subscriptions or transfers of Fund Interest Units) or a change in the voting rights attached to the Fund Interest Units, in each case as compared with those (if any) applicable to the Hypothetical Investor on the Issue Date; and</li><li>(iii) a Hypothetical Investor being prevented, due to circumstances beyond its control, from remitting (i) subscription monies and/or redemption proceeds in respect of the Fund Interest Units; or (ii) any payments relating to any over-the-counter derivative transaction(s) linked to the Fund Interest Units.</li></ul>
<b>Hedging Party</b>	means the party specified as such in the applicable Final Terms.
<b>Hypothetical Investor</b>	means, unless otherwise specified in the applicable Final Terms, with respect to any Fund Interest, a hypothetical investor in such Fund Interest located in a Hypothetical Investor Jurisdiction and deemed: (a) to have the benefits and obligations, as provided under the Fund Documents, of an investor holding, as of the related Reference Fund Subscription Date, an interest in the relevant Reference Fund in an amount equal to the number of Fund Interest Units; (b) in the case of any deemed investment in such Fund Interest, to have submitted, on the relevant Subscription Notice Date, a duly completed notice to the relevant Reference Fund, requesting subscription to the relevant number of Fund Interest Units; and (c) in the case of any deemed redemption of such Fund Interest, to have submitted to the

	relevant Reference Fund on the relevant Redemption Notice Date a duly completed notice requesting redemption of the relevant number of Fund Interest Units.
<b>Hypothetical Investor Jurisdiction</b>	means the jurisdiction of organisation or formation, as applicable, of the Issuer, unless otherwise specified in the applicable Final Terms.
<b>Increased Cost of Hedging</b>	<p>means a Hypothetical Investor would incur</p> <ul style="list-style-type: none"> <li>(i) a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest Unit as a result of entering into and performing its obligations with respect to the issue of a security similar to the Notes, and any Notes associated with unwinding any hedge positions relating to a security similar to the Notes; and</li> <li>(ii) an increase in charges or fees is imposed by the Reference Fund on any investor's ability to redeem Fund Interest Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in the Fund Interest Units.</li> </ul>
<b>Initial Observation Date</b>	means the date specified as such in the applicable Final Terms.
<b>Insolvency</b>	means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Reference Fund, (i) all the Fund Interests of that Reference Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Interests of that Reference Fund become legally prohibited from transferring or redeeming them.
<b>Key Person Event</b>	means the resignation, termination, death or replacement of any key person specified in the applicable Final Terms.
<b>Legal Action</b>	means any legal action, suit or proceeding has been taken or brought, or is threatened or pending, against the Reference Fund or any of its Fund Service Providers which, if resolved against the Reference Fund or Fund Service Provider has, or would have, a material adverse effect on the reputation of the Reference Fund and/or the price of its Fund Interest Units.
<b>Minimum Outstanding Amount of Notes</b>	means the aggregate nominal amount of the Notes minus the nominal amount of the Notes repurchased and/or cancelled by the Issuer at any time is less than €200,000 (or such other amount as specified in the applicable Final Terms) or its equivalent in the Specified Currency.
<b>Modification of Fund Documents</b>	means any material change to or modification of the Fund Documents or investment procedures (including but not limited to, the Reference Fund's (i) strategy; (ii) investment guidelines; (iii) liquidity, where such a change in liquidity results in an increase in volatility; (iv) types of investments in which the Reference Fund invests, their liquidity, term, credit risk and diversification; (v) accounting currency), in each case as compared with those prevailing on the Issue Date.
<b>Nationalisation</b>	means that all the Fund Interests or all or substantially all the assets of a Reference Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.
<b>NAV or Net Asset</b>	means the net asset value of the Fund Interest Unit as calculated by the Fund Administrator



<b>Value</b>	or the Reference Fund in accordance with the Fund Documents.
<b>NAV Disruption Event</b>	means the Fund Administrator or the Reference Fund fails, for any reason other than of a technical or operational nature, to calculate and announce the official NAV within the number of days specified in the applicable Final Terms, of the date on which such NAV was originally scheduled to be announced or the occurrence of any other event affecting the Fund Interest Units that, in the determination of the Calculation Agent, would make it impossible or impracticable for it to determine the value of such Fund Interest Units for any reason other than of a technical or operational nature;
<b>NAV Trigger Event</b>	means, the official Net Asset Value of the Fund Interest Units has decreased by an amount equal to or greater than the percentage amount specified in the applicable Final Terms during the period specified in the applicable Final Terms.
<b>Organisational Change</b>	means a change to the Reference Fund's organisation or its management whether or not via merger or other reorganisation event.
<b>Potential Adjustment Event</b>	means any of the following: <ul style="list-style-type: none"> <li>(i) a subdivision, consolidation or reclassification of the relevant number of Fund Interest Units or amount of Fund Interest, or a free distribution or dividend of any such Fund Interest to existing holders by way of bonus, capitalization or similar issue;</li> <li>(ii) a distribution, issue or dividend to existing holders of the relevant Fund Interest of (A) an additional amount of such Fund Interest, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Reference Fund equally or proportionately with such payments to holders of such Fund Interest, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Reference Fund as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;</li> <li>(iii) an Extraordinary Dividend;</li> <li>(iv) a repurchase by the Reference Fund of relevant Fund Interests whether the consideration for such repurchase is cash, securities or otherwise, other than in respect of a redemption of Fund Interests initiated by an investor in such Fund Interests that is consistent with the Fund Documents; or</li> <li>(v) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Interest Units or amount of Fund Interest.</li> </ul>
<b>Prior Redemption Valuation Date</b>	means that the Reported Fund Interest Value shall be determined as of the immediately preceding Scheduled Redemption Valuation Date, subject to the Fund Disrupted Day provisions.
<b>Reallocation Event</b>	means upon the declaration of the Calculation Agent of an Extraordinary Event in (each a ' <b>Reallocation Event</b> ') in respect of a Reference Fund (the ' <b>Affected Reference Fund</b> ') the Calculation Agent, shall notionally liquidate all Fund Interest Units in the Reference Fund and use reasonable efforts to identify an alternative fund or basket of funds in substitution for the Affected Reference Fund (the ' <b>Successor Reference Fund</b> ') and on the Redemption Payment Date, or as soon as practicable thereafter, the Calculation Agent shall, if a

Successor Reference Fund has been identified, notionally invest the Removal Value in such Successor Reference Fund.

<b>Redemption Notice Date</b>	means, with respect to any Fund Interest and any Valuation Date or Averaging Date, the date specified as such, in the applicable Final Terms, or if no such date is specified, the last date on which a Hypothetical Investor in such Fund Interest would be permitted, pursuant to the Fund Documents of the related Reference Fund, to submit a redemption notice that would be timely for a redemption as of (i) if Reported Value Method is applicable, the Scheduled Redemption Valuation Date occurring on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date, or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.
<b>Redemption Payment Date</b>	means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, each date on which the related Reference Fund actually pays all or the specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice for redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.
<b>Redemption Proceeds</b>	means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest, the redemption proceeds, as determined by the Calculation Agent, that would be paid by the related Reference Fund to a Hypothetical Investor who, as of the relevant Redemption Valuation Date, redeems such amount of such Fund Interest; provided that (a) any such proceeds that would be paid in property other than cash shall be valued by the Calculation Agent and (b) if the Hypothetical Investor would be entitled to elect payment of such redemption proceeds to be made either in the form of cash or other property, the Hypothetical Investor shall be deemed to have elected cash payment, except as otherwise specified in the applicable Final Terms.
<b>Redemption Valuation Date</b>	means, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) would determine the Net Asset Value of such Fund Interest for purposes of calculating the Redemption Proceeds to be paid to a Hypothetical Investor that had submitted a valid notice for redemption on or before the related Redemption Notice Date.
<b>Reference Fund</b>	means, in respect of a Fund Interest, unless otherwise specified in the applicable Final Terms, the issuer of, or other legal arrangement giving rise to, the relevant Fund Interest.
<b>Reference Fund Subscription Date</b>	means the date specified as such in the applicable Final Terms or, if no such date is specified, with respect to any Fund Interest, the day as of which a request by a Hypothetical Investor for subscription to such Fund Interest that has been submitted on the related Subscription Notice Date and in a form and substance acceptable to the related Reference Fund would be considered effective by the Fund.
<b>Regulatory Action</b>	means: <ul style="list-style-type: none"><li>(i) An investigation is made by any governmental or regulatory entity into the activities of the Reference Fund or any Fund Service Provider for reasons of alleged wrongdoing, breach of rule or regulation or other similar reason which allegation, if true, would have a material adverse effect on the reputation of the Reference Fund and/or its share price; or</li></ul>

- (ii) the cancellation, suspension or revocation of any licence, registration, authorisation or regulatory approval of the Reference Fund or any Fund Service Provider where such licence, registration or approval is material to the ability of the Reference Fund or Fund Service Provider to operate in accordance with the Fund Documents.

**Relevant Price**

means, on any day, in respect of a Fund Interest, the price per related Fund Interest Unit as determined by the Calculation Agent either as provided in the applicable Final Term as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be, or either:

- (i) in respect of any Fund Interest to which the Reported Value Method is applicable, the Relevant Price shall be the Reported Fund Interest Value per related Fund Interest Unit determined as of the Valuation Date or Averaging Date, as the case may be, subject to the applicable Reported Value Convention; provided that if the applicable Final Terms provides that the Reported Value Method is subject to Calculation Agent Adjustment, the Calculation Agent shall: (i) adjust the Reported Fund Interest Value to reflect, without duplication, the relevant portion per Fund Interest Unit of: (A) such fees and costs as would be charged to the Hypothetical Investor pursuant to the Fund Documents, (B) such other fees as are specified as 'Redemption Fees' in the applicable Final Terms, and (C) the Redemption Proceeds relating to such Fund Interest Unit, in each case in connection with a deemed redemption as of the Scheduled Redemption Valuation Date relating to such Valuation Date or Averaging Date, as the case may be, of all Fund Interest Units that are subject to valuation; and (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, notify the parties that Deemed Payout Method shall apply; and
- (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, the Relevant Price per related Fund Interest Unit in respect of a Valuation Date or Averaging Date, as the case may be, shall be an amount equal to the Redemption Proceeds relating to such Fund Interest Unit that would be received by the Hypothetical Investor in the such Fund Interest in connection with a redemption of all Fund Interest Units that are subject to valuation during the period from, and including, the Initial Observation Date to, and including, the Final Observation Date relating to such Valuation Date or Averaging Date, as the case may be.

**Removal Event**

shall be declared by the Calculation Agent if, following a Reallocation Event relating to the Reference Fund, it is unable to identify a Successor Fund by the Removal End Date. On the Removal End Date the Calculation Agent will allocate the Removal Value to a notional zero coupon bond or such other instrument(s) specified in the applicable Final Terms, for the remainder of the term of the Notes.

**Removal End Date**

means the date on which Redemption Proceeds are paid to a Hypothetical Investor.

**Removal Value**

means the Redemption Proceeds minus (i) all expenses and costs incurred by a Hypothetical Investor in connection with (a) redemption of Fund Interest Units in the Affected Fund; (b) subscription for Fund Interest Units in the Successor Reference Fund.(ii) a spread and cost of funding.

**Reported Fund Interest Value**

means, with respect to the relevant number of Fund Interest Units or amount of any Fund Interest and Fund Reporting Date relating to such Fund Interest, the value of such number of Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date or, if the related Reference Fund reports only its aggregate Net Asset Value, the portion of such Reference Fund's aggregate Net Asset Value relating to such number of

Fund Interest Units or amount of such Fund Interest as of the related Fund Valuation Date, in each case as reported on such Fund Reporting Date by the Fund Service Provider that generally reports such value on behalf of the Reference Fund to its investors or a publishing service.

**Reported Value Convention**

means the method for determining the Reported Fund Interest Value with respect to any Fund Interest as of any Valuation Date or Averaging Date that is not a Scheduled Fund Valuation Date or Scheduled Redemption Valuation Date, as applicable. The following terms, when used to specify the Reported Value Convention, shall result in the Reported Fund Interest Value to be determined as follows:

- (i) if 'Prior Redemption Valuation Date' is specified, or if no other Reported Value Convention is specified, the Reported Fund Interest Value shall be determined as of the immediately preceding Scheduled Redemption Valuation Date;
- (ii) if 'Prior Fund Valuation Date' is specified, the Reported Fund Interest Value shall be determined as of the immediately preceding Scheduled Fund Valuation Date;
- (iii) if 'Last Reported Value' is specified, the Reported Fund Interest Value shall be the most recently available Reported Fund Interest Value for the relevant number of Fund Interest Units or amount of the relevant Fund Interest;
- (iv) if 'Following Fund Valuation Date' is specified, then such Valuation Date or Averaging Date, as applicable, shall be postponed until the next following Scheduled Fund Valuation Date and the Reported Fund Interest Value shall be determined as of such Scheduled Fund Valuation Date; and
- (v) if 'Following Redemption Valuation Date' is specified, then such Valuation Date or Averaging Date, as applicable, shall be postponed until the next following Scheduled Redemption Valuation Date and the Reported Fund Interest Value shall be determined as of such Scheduled Redemption Valuation Date,

subject to adjustment in each case if any such Valuation Date is a Fund Disrupted Day.

**Reported Value Method**

means, in relation to any Fund Interest, a certain valuation method reflected in the operations of the Relevant Price, Final Price and other provisions herein, and which shall be applicable to such Fund Interest if so specified in the applicable Final Terms.

**Reporting Disruption**

means, in respect of any Fund Interest, (i) occurrence of any event affecting such Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest, and such event continues for at least the time period specified in the applicable Final Terms or, if no such time period is specified, the foreseeable future; (ii) any failure of the related Reference Fund to deliver, or cause to be delivered, (A) information that such Reference Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Reference Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary to monitor such Reference Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Interests.

**Scheduled Fund Valuation Date**

means, with respect to any Fund Interest, a date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Funds Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests),

to determine the value of such Fund Interest or, if the related Reference Fund only reports its aggregate Net Asset Value, the date as of which such Reference Fund is scheduled to determine aggregate Net Asset Value.

**Scheduled  
Redemption  
Payment Date**

means the date specified as such in the applicable Final Terms or if no date is so specified, with respect to any Fund Interest and any Scheduled Redemption Valuation Date, the date by which the related Reference Fund is scheduled to have paid, according to its Fund Documents, all or a specified portion of the Redemption Proceeds to a Hypothetical Investor that has submitted a timely and valid notice requesting redemption of such Fund Interest as of such Scheduled Redemption Valuation Date.

**Scheduled  
Redemption  
Valuation Date**

means, with respect to any Fund Interest, the date as of which the related Reference Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to its Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Reference Fund to delay or refuse redemption of Fund Interests), to determine the Net Asset Value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date. The Scheduled Redemption Valuation Date relating to any Valuation Date or Averaging Date, as the case may be, shall be the date specified as such in the applicable Final Terms, or if no such date is specified, the Scheduled Redemption Valuation Date occurring (i) if Reported Value Method is applicable, on such Valuation Date or Averaging Date, as the case may be, or if no Scheduled Redemption Valuation Date is occurring on such Valuation Date or Averaging Date, the immediately preceding Scheduled Redemption Valuation Date, or (ii) if Deemed Payout Method is applicable, the Scheduled Redemption Valuation Date for which the Scheduled Redemption Payment Date falls on or immediately prior to such Valuation Date or Averaging Date.

**Scheduled Valuation  
Date**

means any original date that, but for the occurrence of an event causing a Fund Disrupted Day, would have been a Valuation Date.

**Settlement Cycle**

means the period specified as such in the applicable Final Terms, or, if no period is so specified, (i) in respect of any Fund Interest to which Reported Value Method is applicable, the period of Currency Business Days from, and including, any Scheduled Redemption Valuation Date to, and including, the related Scheduled Redemption Payment Date, and (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, two (2) Currency Business Days.

**Strategy Breach**

means any actual or anticipated material breach or violation of any strategy or investment guidelines stated in the Fund Documents including but not limited to breach any applicable leverage restriction.

**Subscription Notice  
Date**

means, with respect to any Fund Interest and any Reference Fund Subscription Date, the date specified as such in the applicable Final Terms or, if no such date is specified, the last date on which a notice to subscribe to such Fund Interest may be submitted pursuant to the Fund Documents of the related Reference Fund and be considered effective as of such Reference Fund Subscription Date. If the applicable Final Terms does not specify a Subscription Notice Date or a Reference Fund Subscription Date, the Subscription Notice Date shall be deemed to be the Trade Date.

**Trading Agreement**

means a trading agreement entered into between the Reference Fund, the Calculation Agent and the Fund Manager and/or Fund Adviser.

**Valid Date**

means:

- (i) in respect of Fund Interests to which Reported Value Method is applicable, a Fund Business Day; and
- (ii) in respect of Fund Interests to which Deemed Payout Method is applicable, a Currency Business Day, in each case that is not a Fund Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

**Valuation Date** means:

- (i) in respect of any Fund Interest to which Reported Value Method is applicable, each date specified as such or otherwise determined as provided in the applicable Final Terms (or, if such date is not a Fund Business Day, the next following Fund Business Day); and
- (ii) in respect of any Fund Interest to which Deemed Payout Method is applicable, each date specified as such or otherwise determined as provided in the applicable Final Terms (or, if such date is not a Currency Business Day, the next following Currency Business Day).

**Valuation Time** means, in respect of a Fund Interest, the time specified as such in the applicable Final Terms or, if no such time is specified, (a) in respect of a Fund Interest to which Reported Value Method is applicable, the time as of which the Reported Fund Interest Value is determined, and (b) in respect of a Fund Interest to which Deemed Payout Method is applicable, the close of business in the Hypothetical Investor Jurisdiction on the relevant date.

## **12. Credit Linked Notes**

### *(a) Redemption of Credit Linked Notes*

Unless previously redeemed or purchased and cancelled and subject as provided in this Condition 12 each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer on the Maturity Date by payment of the Credit Event Redemption Amount.

### *(b) Cash Settlement*

If Cash Settlement is specified in the applicable Final Terms and the Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the '**Credit Event Determination Date**'), the Issuer shall give notice (such notice a '**Settlement Notice**') to the Noteholders in accordance with Condition 19 and redeem all but not some only of the Notes, each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination being redeemed by the Issuer by payment of the Credit Event Redemption Amount on the Credit Event Redemption Date.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 12(b), upon payment of the Credit Event Redemption Amount in respect of the Notes the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

### *(c) Physical Settlement*

If Physical Delivery is specified in the applicable Final Terms and the Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the '**Credit Event Determination Date**'), the

Issuer shall give notice (such notice a '**Notice of Physical Settlement**') to the Noteholders in accordance with Condition 19 and redeem all but not some only of the Notes, each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination being redeemed by the Issuer by Delivery of the Deliverable Obligations comprising the Asset Amount, subject to and in accordance with Conditions 12(g) and (h).

In the Notice of Physical Settlement the Issuer shall specify the Deliverable Obligations comprising the Asset Amount that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Asset Amount, irrespective of their market value.

If 'Restructuring Maturity Limitation and Fully Transferable Obligation' is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Asset Amount only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If 'Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable' is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Asset Amount only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 12(c), upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Cash Settlement Amount, as the case may be, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Cash Settlement Amount may be less than the principal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(d) *Repudiation/Moratorium Extension*

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Final Terms, the provisions of this Condition 12(d) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Condition 12(f)(ii) applies, the Postponed Maturity Date (as defined below) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 19 that a Potential Repudiation/Moratorium has occurred and:

- (i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
  - (A) each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Credit Event Redemption Amount on the second Business Day following the Repudiation/Moratorium Evaluation Date; and
  - (B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the second Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied in the Notice Delivery Period the provisions of Condition 12(b) or Condition 12(c) as applicable shall apply to the Notes.

(e) *Grace Period Extension*

If 'Grace Period Extension' is specified as applicable in the applicable Final Terms, the provisions of this Condition 12(e) shall apply:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:

- (i) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
  - (A) each nominal amount of Credit Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Credit Event Redemption Amount on the Grace Period Extension Date; and
  - (B) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Condition 12(b) or Condition 12(c) as applicable shall apply to the Notes.

(f) *Maturity Date Extension*

If:

- (i) on (A) the Scheduled Maturity Date or, (B) if applicable, the Repudiation/Moratorium Evaluation Date, or (C) if Grace Period Extension is specified as applicable in the applicable Final Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (ii) on the Scheduled Maturity Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Noteholders in accordance with Condition 19 that the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case maybe, has been postponed to a date (such date the '**Postponed Maturity Date**') specified in such notice falling 15 calendar days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, and

where:

- (A) in the case of 12(f)(i) Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, or, in the case of 12(f)(ii), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:



- (1) subject as provided below each nominal amount of Credit-Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Credit Event Redemption Amount on the Postponed Maturity Date; and
  - (2) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (B) where:
- (1) in the case of 12(f)(i) Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 12(b) or 12(c) as applicable shall apply to the Notes; or
  - (2) in the case of 12(f)(ii) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 12(d) shall apply to the Notes.
- (g) *Physical Delivery*
- (i) If any Credit Linked Note is to be redeemed by Delivery of the Deliverable Obligations comprising the Asset Amount, in order to obtain Delivery of the Deliverable Obligations comprising the Asset Amount(s) in respect of any Note:
    - (A) if such Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear, Clearstream, Luxembourg or Euroclear Netherlands (as applicable), with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below); and
    - (B) if such Note is a Definitive Note, the relevant Noteholder must deliver to any Paying Agent, with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below).

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, or (ii) if such Note is a Definitive Note, in writing or by tested telex.

An Asset Transfer Notice must:

- 1. specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the Delivery of the Deliverable Obligations comprising the Asset Amount and any details required for Delivery of the Deliverable Obligations comprising the Asset Amount set out in the applicable Final Terms;
- 2. in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the

case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the Delivery Date;

3. include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, in respect thereof and to pay such Delivery Expenses;
4. specify an account to which any dividends (if any) payable pursuant to this Condition 12(g) or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
5. authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, shall verify that the person specified therein as the Noteholder is the holder of the specified nominal amount of Notes according to its books.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such Asset Transfer Notice has been properly completed and delivered as provided in these Terms and Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder and, in the case of Definitive Notes, by the relevant Paying Agent, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

Delivery of the Deliverable Obligations comprising the Asset Amount in respect of each Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms.

If a Noteholder fails to give an Asset Transfer Notice as provided herein on or prior to the Cut-Off Date specified in the applicable Final Terms, the Issuer will, subject as provided above, Deliver the Deliverable Obligations comprising the Asset Amount in respect of the relevant Notes as soon as practicable after the receipt of the duly completed Asset Transfer Notice, Provided That if, in respect of a Note, a Noteholder fails to give an Asset Transfer Notice prior to the day falling 180 calendar days after the Cut-Off Date, the Issuer's obligations in respect of such Notes shall be discharged and the Issuer shall have no liability in respect thereof.

- (ii) All Delivery Expenses arising from the Delivery of the Deliverable Obligations comprising the Asset Amounts in respect of such Notes shall be for the account of the relevant Noteholder and no Delivery of the

Deliverable Obligations comprising the Asset Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

After Delivery of the Deliverable Obligations comprising an Asset Amount and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Asset Amount, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations included in such Asset Amount or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such Asset Amount.

- (iii) In relation to each Deliverable Obligation constituting an Asset Amount the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Settlement Date Provided That if all or some of the Deliverable Obligations included in such Asset Amount are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or before the 30th Business Day following the Settlement Date (the **'Final Delivery Date'**),

Provided Further That if all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Condition 12(h) shall apply.

(h) *Partial Cash Settlement*

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising the Asset Amount are not Delivered by the Final Delivery Date, the Issuer shall give notice (a **'Cash Settlement Notice'**) to the Noteholders in accordance with Condition 19 and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Cash Settlement Amount on the Cash Settlement Date.

In the Cash Settlement Notice the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

(i) *Redemption following a Merger Event*

If Condition 12(i) is specified as applicable in the applicable Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with Condition 19 and redeem the Notes at the Early Redemption Amount on the Merger Event Redemption Date.

(j) *Definitions applicable to Credit Linked Notes*

**Accreted Amount**

means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent in its sole and absolute discretion) only if

'Include Accrued Interest' is specified as applicable in the applicable Final Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**Accreting Obligation**

means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

**Asset Amount**

means, in respect of each nominal amount of Notes equal to the lowest Specified Denomination, Deliverable Obligations, as selected by the Calculation Agent in its sole and absolute discretion, with:

- (i) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent) if 'Include Accrued Interest' is specified as applicable in the applicable Final Terms, but excluding accrued but unpaid interest if 'Exclude Accrued Interest' is specified as applicable in the applicable Final Terms, and if neither 'Include Accrued Interest' nor 'Exclude Accrued Interest' is specified as applicable in the applicable Final Terms, excluding accrued but unpaid interest); or
- (ii) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the lowest Specified Denomination less, if Unwind Costs are specified as applicable in the applicable Final Terms, Deliverable Obligations with a Market Value determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to Unwind Costs.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or

circumstance.

**Asset Transfer Notice**

means a duly completed asset transfer notice substantially in the form set out in the Agency Agreement.

**Bankruptcy**

means a Reference Entity:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof or before the Maturity Date, whichever is earlier;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter or before the Maturity Date, whichever is earlier; or
- (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (i) to (vii) (inclusive).

**Best Available Information**

means:

- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the

purposes of the definition of 'Successor', other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

- (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of 'Successor'.

Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute 'Best Available Information'.

**Calculation Agent City Business Day**

means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City.

**Cash Settlement Amount**

Is deemed to be, for each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, less (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and (ii) zero.

**Cash Settlement Date**

Is deemed to be the date falling three (3) Business Days after the calculation of the Final Price.

**Conditionally Transferable Obligation**

means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of 'Conditionally Transferable Obligation'.

For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Delivery Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

**Conditions to Settlement**

means the delivery by the Calculation Agent to the Issuer of a Credit Event Notice that is effective and if notice of Publicly Available Information is specified as

applicable in the applicable Final Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period.

**Convertible Obligation**

means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**Credit Event**

means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Final Terms, as determined by the Calculation Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**Credit Event Notice**

means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after 12.01 a.m. Greenwich Mean Time on the Trade Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the latest of:

- (i) the Scheduled Maturity Date;
- (ii) where 'Grace Period Extension' is specified as applicable in the applicable Final Terms, the Grace Period Extension Date if (A) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date; and (B) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and
- (iii) the Repudiation/Moratorium Evaluation Date if:

- (A) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date;
- (B) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and
- (C) the Repudiation/Moratorium Extension Condition is satisfied.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition 12(k).

**Credit Event Redemption Amount**

means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

**A** is the lowest Specified Denomination;

**B** is the Final Price; and

**C** is Unwind Costs,

provided that in no event shall the Credit Event Redemption Amount be less than zero.

**Credit Event Redemption Date**

means the day falling the number of Business Days specified in the applicable Final Terms after the calculation of the Final Price.

**Currency Amount**

means, whenever an amount is denominated in a currency other than the Settlement Currency and is specified to be determined by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

**Currency Rate**

means:

- (i) the rate determined by the Calculation Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Settlement Currency by reference to:

- (A) if the Settlement Currency is U.S. Dollars, the Federal Reserve Bank of New York 10:00 a.m. (New York time) mid point rate as displayed on Reuters page FEDSPOT on the date that the Notice of Physical Settlement is deemed given, or on such date and in such other commercially reasonable manner as it shall determine; or

- (B) if the Settlement Currency is euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 p.m. (British Standard Time) on the date that the Notice of Physical Settlement is deemed given, or on such



date and in such other commercially reasonable manner as it shall determine; or

- (ii) if the Settlement Currency is not U.S. Dollars or euro, the rate determined by the Calculation Agent in its sole and absolute discretion in a commercially reasonable manner.

**Default Requirement**

means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, € 10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

**Deliver**

means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Asset Amount to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of 'Credit Event' above or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) provided that if all or a portion of the Asset Amount consists of Direct Loan Participations, **Deliver** means to create (or procure the creation) of a participation in favour of the relevant Noteholder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, **Deliver** means to Deliver both the Qualifying Guarantee and the Underlying Obligation. **Delivery** and **Delivered** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

**Deliverable Obligation**

means, subject as provided in Condition 12(c):

- (i) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in '(A) Method for Determining Deliverable Obligations' below (but excluding any Excluded Deliverable Obligation specified in the applicable Final Terms) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of 'Credit Event' above)) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of 'Not Contingent' in '(A) Method for Determining Deliverable Obligations' below, each Reference

Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;

- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) of the definition of 'Credit Event' above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.
  - (A) **'Method for Determining Deliverable Obligations'**. For the purposes of this definition of 'Deliverable Obligation', the term 'Deliverable Obligation' may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date on which the Notice of Physical Settlement is deemed given. The following terms shall have the following meanings:
    - (1) **'Deliverable Obligation Category'** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of 'Obligation' below, except that, for the purpose of determining Deliverable Obligations, the definition of 'Reference Obligations Only' shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).
    - (2) **'Deliverable Obligation Characteristics'** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of 'Obligation' below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:
      - (a) **'Not Contingent'** means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case

of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Deliverable Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date;

if a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) of the preceding paragraph have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date;

- (b) **'Assignable Loan'** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (c) **'Consent Required Loan'** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;
- (d) **'Direct Loan Participation'** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation

seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

- (e) **'Transferable'** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (i) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (f) **'Maximum Maturity'** means an obligation that has a remaining maturity from the Settlement Date of not greater than the period specified in the applicable Final Terms;
- (g) **'Accelerated or Matured'** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (h) **'Not Bearer'** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via

Euroclear, Clearstream, Luxembourg or Euroclear Netherlands or any other internationally recognised clearing system.

(B) **'Interpretation of Provisions'.**

- (1) If the Obligation Characteristic 'Listed' is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (2) if (i) either of the Deliverable Obligation Characteristics 'Listed' or 'Not Bearer' is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic 'Transferable' is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics 'Assignable Loan', 'Consent Required Loan' or 'Direct Loan Participation' is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
- (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
- (4) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
  - (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be

deemed to be described by the same category or categories as those that describe the Underlying Obligation.

- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (v) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (vi) The terms 'Outstanding Principal Balance' and 'Due and Payable Amount' (as they are used in the Terms and Conditions, including without limitation, the definitions of 'Cash Settlement Amount' and 'Quotation Amount' in Condition

12(h)), when used in connection with Qualifying Guarantees are to be interpreted to be the then 'Outstanding Principal Balance' or 'Due and Payable Amount', as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

**Delivery Date** means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

**Delivery Expenses** means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the Delivery of the Deliverable Obligations comprising the Asset Amount.

**Domestic Currency** means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is specified in the applicable Final Terms, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**Downstream Affiliate** means an entity, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 per cent. owned, directly or indirectly, by the Reference Entity. 'Voting Shares' shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**Due and Payable Amount** means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation, the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**Eligible Transferee** means each of the following:

- (i) (A) any bank or other financial institution;
- (B) an insurance or reinsurance company;
- (C) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
- (D) a registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets of at least €

500,000,000 (five hundred million);

- (ii) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (A) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least € 100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least €100,000,000; or
  - (B) that has total assets of at least €500,000,000; or
  - (C) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraphs (i), (ii), (iii)(A) or (iv); and
- (iv) a Sovereign, Sovereign Agency or Supranational Organisation;

**Equity Securities**

means:

- (i) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (ii) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**Exchangeable Obligation**

means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**Excluded Deliverable Obligation**

means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**Excluded Obligation**

means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**Failure to Pay**

means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate



amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

**Final Price**

means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms. The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Agent and, for so long as the Notes are listed on the Luxembourg Stock Exchange at the office of the Paying Agent in Luxembourg (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**Full Quotation**

means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

**Fully Transferable Obligation**

means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of 'Fully Transferable Obligation'. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of 'Fully Transferable Obligation', such determination shall be made as of the Delivery Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

**Governmental Authority**

means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**Grace Period**

means:

- (i) subject to paragraphs (i) and (iii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;
- (ii) if Grace Period Extension is specified as applicable in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, 30 calendar days; and
- (iii) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three (3) Grace Period Business Days is applicable under the terms of such Obligation, a Grace

Period of three (3) Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

**Grace Period Business Day** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

**Grace Period Extension Date** means, if:

- (i) Grace Period Extension is specified as applicable in the applicable Final Terms; and
- (ii) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,

the day that is five (5) Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

**Hedge Disruption Event** means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of any transaction entered into by the Issuer and/or such Affiliate to hedge the Issuer's obligations or position in respect of the Notes.

**Indicative Quotation** means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

**Hedge Disruption Obligation** means a Deliverable Obligation included in the Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

**Market Value** means, with respect to a Reference Obligation on a Valuation Date:

- (i) if more than three (3) Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (ii) if exactly three (3) Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);

- (iii) if exactly two (2) Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (iv) if fewer than two (2) Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (v) if two (2) or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

<b>Merger Event</b>	means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Date the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity or the Issuer, as applicable, or the Issuer and a Reference Entity become Affiliates.
<b>Minimum Quotation Amount</b>	means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) € 1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.
<b>Modified Eligible Transferee</b>	means any bank, financial institution or other entity which is regularly engaged in an established for the purpose of making, purchasing or investing in loans, securities and other financial assets.
<b>Modified Restructuring Maturity Limitation Date</b>	means, with respect to a Deliverable Obligation, the date that is the later of (x) the Scheduled Maturity Date and (y) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations.
<b>Notice Delivery Period</b>	means the period from and including the Trade Date to and including (a) the Scheduled Maturity Date; (b) the Grace Period Extension Date if (i) 'Grace Period Extension' is specified as applicable in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date, and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date; (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date, (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date and (iii) the Repudiation/Moratorium Extension Condition is satisfied; or (d) the Postponed Maturity Date if the Maturity Date is postponed pursuant to Condition 12(f).
<b>Notice of Publicly Available Information</b>	means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable,

described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Condition 12(m).

## **Obligation**

means:

- (i) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in 'Method for Determining Obligations' below (but excluding any Excluded Obligation);
- (ii) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (iii) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

## **Method for Determining Obligations**

For the purposes of paragraph (a) of this definition of 'Obligation', the term 'Obligation' may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (A) **'Obligation Category'** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:
  - (1) **'Payment'** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (2) **'Borrowed Money'** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (3) **'Reference Obligations Only'** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;

- (4) **'Bond'** means any obligation of a type included in the 'Borrowed Money' Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (5) **'Loan'** means any obligation of a type included in the 'Borrowed Money' Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (6) **'Bond or Loan'** means any obligation that is either a Bond or a Loan.
- (B) **'Obligation Characteristics'** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Final Terms, where:
- (1)
    - (a) **'Not Subordinated'** means an obligation that is not Subordinated to the most senior Reference Obligation in priority of payment or, if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation satisfies the 'Not Subordinated' Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Trade Date specified in the applicable Final Terms and (2) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;
    - (b) **'Subordination'** means, with respect to an obligation (the **'Subordinated Obligation'**) and another obligation of the Reference Entity to which such obligation is being compared (the **'Senior Obligation'**), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. 'Subordinated' will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be

taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (2) **'Specified Currency'** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Final Terms as the **'Standard Specified Currencies'**);
- (3) **'Not Sovereign Lender'** means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as 'Paris Club debt';
- (4) **'Not Domestic Currency'** means any obligation that is payable in any currency other than the Domestic Currency;
- (5) **'Not Domestic Law'** means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (6) **'Listed'** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (7) **'Not Domestic Issuance'** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

**Obligation Acceleration** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**Obligation Currency** means the currency or currencies in which the Obligation is denominated.

**Obligation Default** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the

	occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.
<b>Outstanding Principal Balance</b>	<p>means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation:</p> <ul style="list-style-type: none"> <li>(i) with respect to any Accreting Obligation, the Accreted Amount thereof; and</li> <li>(ii) with respect to any other obligation, the outstanding principal balance of such obligation,</li> </ul> <p>Provided That with respect to any Exchangeable Obligation that is not an Accreting Obligation, 'Outstanding Principal Balance' shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.</p>
<b>Payment Requirement</b>	means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Final Terms, € 1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.
<b>Permitted Currency</b>	means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch or any successor to the rating business thereof.
<b>Physical Settlement Period</b>	means the number of Business Days specified as such in the applicable Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Asset Amount, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.
<b>Potential Failure to Pay</b>	means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.
<b>Potential Repudiation/Moratorium</b>	means the occurrence of an event described in paragraph (i) of the definition of Repudiation/Moratorium.
<b>Publicly Available Information</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(i) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium</li> </ul>

Extension Notice has occurred and which:

- (A) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
  - (B) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
  - (C) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
  - (D) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
- (ii) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to a Reference Entity.
  - (iii) In relation to any information of the type described in paragraphs (a) (ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.
  - (iv) Publicly Available Information need not state:
    - (A) in relation to the definition of 'Downstream Affiliate', the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
    - (B) that such occurrence:
      - (1) has met the Payment Requirement or Default Requirement;
      - (2) is the result of exceeding any applicable Grace Period; or



- (3) has met the subjective criteria specified in certain Credit Events.

<b>Public Source</b>	means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).
<b>Qualifying Affiliate Guarantee</b>	means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.
<b>Qualifying Guarantee</b>	means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the ' <b>Underlying Obligation</b> ') for which another party is the obligor (the ' <b>Underlying Obligor</b> ') and that is not at the time of the Credit Event Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement structured (i) as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.
<b>Qualifying Participation Seller</b>	means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.
<b>Quotation</b>	<p>means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:</p> <p>(i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two (2) or more such Full Quotations on the same Business Day within three (3) Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five (5) or more Quotation Dealers and, if two (2) or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two (2) or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business</p>

Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

- (ii)
  - (A) If 'Include Accrued Interest' is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
  - (B) If 'Exclude Accrued Interest' is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
  - (C) If neither 'Include Accrued Interest' nor 'Exclude Accrued Interest' is specified in the applicable Final Terms in ---respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (iii) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**Quotation Amount**

is deemed to be, with respect to each type or issue of an Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

**Quotation Dealer**

means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained other than the Agent, including each Quotation Dealer specified in the applicable Final Terms. If no Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

**Quotation Method**

means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

- (i) **'Bid'** means that only bid quotations shall be requested from Quotation Dealers;
- (ii) **'Offer'** means that only offer quotations shall be requested from Quotation Dealers; or

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

<b>Reference Entity</b>	means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity identified pursuant to the definition of 'Successor' in this Condition 12(j) shall be the Reference Entity for the purposes of the relevant Series.
<b>Reference Obligation</b>	means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.
<b>Relevant Obligations</b>	means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.
<b>Representative Amount</b>	means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.
<b>Repudiation/Moratorium</b>	means the occurrence of both of the following events: <ul style="list-style-type: none"> <li>(i) an authorised officer of a Reference Entity or a Governmental Authority: <ul style="list-style-type: none"> <li>(A) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or</li> <li>(B) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and</li> </ul> </li> <li>(ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.</li> </ul>
<b>Repudiation/Moratorium Evaluation Date</b>	means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.
<b>Repudiation/Moratorium Extension Condition</b>	means the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in the applicable Final Terms, Notice of Publicly Available Information by the Calculation Agent to the Issuer that is effective during the period from and including the Trade Date to and including the Scheduled Maturity Date or, if

Condition 12(f)(ii) applies, the Postponed Maturity Date.

**Repudiation/Moratorium  
Extension Notice**

means an irrevocable notice (which may be by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Trade Date and on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**Restructured Bond or  
Loan**

means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

**Restructuring**

means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (A) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (B) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

- (C) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and Condition 12(l), the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and subparagraphs (i) to (v) of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

<b>Restructuring Date</b>	means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.
<b>Restructuring Maturity Limitation Date</b>	means the date that is the earlier of (i) 30 months following the Restructuring Date and (ii) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Scheduled Maturity Date or later than 30 months following the Scheduled Maturity Date and if it is, it shall be deemed to be the Scheduled Maturity Date or 30 months following the Scheduled Maturity Date, as the case may be.
<b>Settlement Currency</b>	means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Specified Currency of the Notes.
<b>Settlement Date</b>	means the last day of the longest Physical Settlement Period following the satisfaction of Conditions to Settlement (the ' <b>Scheduled Settlement Date</b> ') Provided That if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Settlement Date, the Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 60 Business Days following the Scheduled Settlement Date.
<b>Sovereign</b>	means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.
<b>Sovereign Agency</b>	means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.
<b>Sovereign Restructured Deliverable Obligation</b>	means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to paragraph (3) of (B) 'Interpretation of Provisions' in the definition of 'Deliverable Obligation', having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation

Category or Deliverable Obligation Characteristics after such Restructuring.

**Specified Number**

means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two (2).

**Substitute Reference Obligation**

means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (i) In the event that:
  - (A) a Reference Obligation is redeemed in whole; or
  - (B) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (ii) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Trade Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (iii) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (iv) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a)

above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

(v) If:

(A) more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations; or

(B) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date (if any) and (C) the Repudiation/Moratorium Evaluation Date (if any). If (i) either Cash Settlement is specified in the applicable Final Terms and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or Physical Delivery is specified in the applicable Final Terms and the Reference Obligation is the only Deliverable Obligation and (ii) on or prior to the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the Issuer's obligations under the Notes shall cease as of the later of (A) the Scheduled Maturity Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date.

(vi) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

#### **Succession Event**

means an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, 'Succession Event' shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event.

#### **Successor**

means:

(i) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:

- (A) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (B) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (C) if more than one entity each directly or indirectly succeed to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (D) if one or more entity each directly or indirectly succeed to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
  - (E) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (F) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; and
- (ii) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

In the case of (i) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (i)(D) above, as applicable. In calculating the percentages used to



determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (iv)(F) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Noteholder(s) at the specified office of the Agent and, for so long as the Notes are listed on the Luxembourg Stock Exchange, at the office of the Paying Agent in Luxembourg.

Where pursuant to paragraph (i)(C) or (i)(D) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 19, stating the adjustment to the Terms and Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

For the purposes of this definition of '**Successor**', '**succeed**' means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of 'Successor' shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (i) a Reference Obligation is specified in the applicable Final Terms; and
- (ii) one or more Successors to the Reference Entity have been identified; and
- (iii) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of 'Substitute Reference Obligation' above.

#### **Supranational Organisation**

means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and the

European Bank for Reconstruction and Development.

**Trade Date**

means the date specified as such in the applicable Final Terms.

**Undeliverable Obligation**

means a Deliverable Obligation included in the Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible or illegal to Deliver on the Settlement Date.

**Unwind Costs**

means the amount specified in the applicable Final Terms or if '**Standard Unwind Costs**' are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Notes in the Specified Denomination.

**Valuation Date**

means (a) where Physical Delivery is specified as applicable in the applicable Final Terms the day falling three (3) Business Days after the Final Delivery Date, or (b) where Cash Settlement is specified as applicable in the applicable Final Terms, if 'Single Valuation Date' is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date or, if the number of Business Days is not so specified, five (5) Business Days after the Credit Event Determination Date, and if 'Multiple Valuation Dates' is specified in the applicable Final Terms, each of the following dates:

- (i) the date that is the number of Business Days specified in the applicable Final Terms after the Credit Event Determination Date (or, if the number of Business Days is not specified, five (5) Business Days); and
- (ii) each successive date that is the number of Business Days specified in the applicable Final Terms (or if the number of Business Days is not so specified, five (5) Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When 'Multiple Valuation Dates' is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five (5) Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

**Valuation Method**

- (i) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and only one Valuation Date:
  - (A) '**Market**' means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (B) '**Highest**' means the highest Quotation obtained by the Calculation

Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

- (ii) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and more than one Valuation Date:
  - (A) **'Average Market'** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
  - (B) **'Highest'** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
  - (C) **'Average Highest'** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

- (iii) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and only one Valuation Date:
  - (A) **'Blended Market'** means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or
  - (B) **'Blended Highest'** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

- (iv) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and more than one Valuation Date:
  - (A) **'Average Blended Market'** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or
  - (B) **'Average Blended Highest'** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.

Notwithstanding paragraphs (i) to (iv) above, if Quotations include Weighted Average Quotations or fewer than two (2) Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

**Valuation Time**

means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

**Weighted Average Quotation**

means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

*(k) Credit Event Notice after Restructuring Credit Event*

If Condition 12(k) is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of a Restructuring Credit Event during the Notice Delivery Period:

- (i) the Calculation Agent may deliver a Credit Event Notice in respect of an amount (the '**Partial Redemption Amount**') that is less than the principal amount outstanding of each Note immediately prior to the delivery of such Credit Event Notice. In such circumstances the provisions of Condition 12 shall be deemed to apply to the Partial Redemption Amount only and each such Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (ii) For the avoidance of doubt (i) the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall accrue on the principal amount outstanding of such Note as provided in Condition 5 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (ii) the provisions of Condition 6 shall apply to such principal amount outstanding of such Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (iii) once a Credit Event Notice with respect to a Restructuring Credit Event has been delivered in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the Restructuring Credit Event.
- (iii) If the provisions of this Condition 12(k) apply in respect of the Notes, on redemption of part of each such Note the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

*(l) Provisions relating to Multiple Holder Obligation*

If Condition 12(l) is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (i) to (v) of the definition of 'Restructuring' shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

**'Multiple Holder Obligation'** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to 66 and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

(m) *Calculation Agent and Calculation Agent Notices*

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Condition 12 shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

### 13. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Final Terms, either

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Receipts or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:
  - (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or
  - (ii) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of nonresidence or other similar claim for exemption to the relevant tax authority; or
  - (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day (assuming that day to have been a payment Day as defined in Condition 6(c)); or
  - (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the

conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the '**Relevant Date**' means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 19. If this Note is a Tier 3 Note, to the extent that any amount is not payable or repayable pursuant to Condition 5(g) or 7(m), the Relevant Date shall be the date on which any such amount becomes first payable or repayable.

#### **14. Prescription**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of five years after the date on which such payment first becomes due.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

#### **15. Events of Default**

If in the case of any Senior Notes one or more of the following events (or in the case of any Subordinated Notes, either or both of the events specified in (iv) and (v)) (each an '**Event of Default**') shall have occurred and be continuing:

- (i) default is made for more than 14 days in the payment of interest or principal in respect of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer fails in the due repayment of borrowed money in excess of €15,000,000 and such failure continues for a period of 14 days after notice of such failure has been received by the Issuer, provided that no event of default shall be deemed to have occurred if the Issuer shall contest its liability in good faith or shall have been ordered not to make such a payment by a competent court; or
- (iv) the Issuer is declared bankrupt or emergency measures as referred to in Article 3:160 of the Act on the Financial Supervision ("*Wet op het financieel toezicht*") are declared in respect of the Issuer; or
- (v) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes;

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, provided that repayment of Subordinated Notes under this Condition 15 may only be effected after the Issuer has obtained the written consent of the Dutch Central Bank.

#### **16. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **17. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out at the end of the Prospectus.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be an Agent;
- (iv) a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such directive;
- (v) a notice will be published in the case of any change in Paying Agents.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 19.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **18. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 14. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## **19. Notices**

All notices regarding the Notes shall be published (i) in at least one daily newspaper of wide circulation in the Netherlands, (ii) if so specified in the applicable Final Terms in a leading English language daily newspaper of general circulation in London, (iii) if and for so long as the Notes are listed on Euronext Amsterdam, in the Daily Official List of Euronext Amsterdam ("*Officiële Prijscourant*") and (iv) if and for so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange, in a daily newspaper of general circulation in Luxembourg. It is expected

that such publication will be made in Het Financieele Dagblad in the Netherlands (in the case of (i) above), in the Financial Times in London (in the case of (ii) above) and in the Luxemburger Wort (in the case of (iv) above). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made.

Until such time as any Definitive Notes are issued, there may (provided that, in the case of any publication required by the rules of such stock exchange, the rules of the stock exchange so permit), so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or Euroclear Netherlands for communication by them to the holders of the Notes, provided that, if and for so long as such Notes are listed on the regulated market of the Luxembourg Stock Exchange, the relevant notice shall also be published in a daily newspaper of general circulation in Luxembourg. Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg or Euroclear Netherlands.

Where the identity of all the holders of the Notes is known to the Issuer, the Issuer may (after consultation with the relevant stock exchange (where relevant)) give notice individually to such holders in lieu of publication as provided above.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent via Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, in such manner as the Agent and Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, may approve for this purpose.

## **20. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders of each Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders of each Series holding not less than five per cent. in nominal amount of the Senior Notes or, as the case may be, the Subordinated Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes of each Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders of each Series whatever the nominal amount of such Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of such Notes, Receipts and the Coupons (including modifying the date of maturity of such Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes or altering the currency of payment of such Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of such Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders of each Series shall be binding on all the Noteholders of such class of Notes, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

An Extraordinary Resolution of the Subordinated Notes shall only be effective when it is not materially prejudicial to the interests of the holders of the Senior Notes.

The Issuer may not vote on any Notes held by it, whether directly or indirectly, and such Notes shall not be taken into account in establishing the total amount outstanding.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or



- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the Netherlands.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 19 as soon as practicable thereafter.

## **21. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **22. Substitution of the Issuer**

- (a) The Issuer may, with the consent of the Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Notes on which no payment of principal or interest is in default and (in the case of Subordinated Notes) after written approval of the Dutch Central Bank, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the '**Substituted Debtor**') as principal debtor in respect of the Notes and the relative Receipts and Coupons provided that:
  - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the '**Documents**') and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder, Receiptholder and Couponholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the relative Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Notes and the relative Receipts and Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, in favour of each Noteholder and
  - (ii) each holder of the relative Receipts and Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 13) payable in respect of the Notes and the relative Receipts and Coupons;
  - (iii) without prejudice to sub-paragraph (i) hereof, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 13 with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and held harmless each Noteholder, Receiptholder and Couponholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder, Receiptholder or Couponholder by any political sub-division or taxing authority of any country in which such Noteholder, Receiptholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
  - (iv) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer
    - (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and

regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are valid and binding in accordance with the respective terms and enforceable by each Noteholder, Receiptholders;

- (v) each stock exchange which has Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Notes will continue to be listed on such stock exchange;
  - (vi) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issue and to be available for inspection by Noteholders, Receiptholders and Couponholders at the specified office of the Agent;
  - (vii) the Issuer shall have delivered to the Agent or produced the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers acting for the Issuer to the effect that the Documents (including the new guarantee) constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders, Receiptholders and Couponholders at the specified office of the Agent; and
  - (viii) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers (which may be the same lawyers referred to in (vi) above) to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor under Dutch law, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issue and to be available for inspection by Noteholders, Receiptholders and Couponholders at the specified office of the Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer, nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders, Receiptholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder, Receiptholder or Couponholder, except as provided in Condition 22(a)(ii), shall be entitled to claim from the Issuer, or any Substituted Debtor, under the Notes and the relative Receipts and Coupons, any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition in respect of the Subordinated Notes of any Series, the Documents shall provide for such further amendment of the Terms and Conditions of the Subordinated Notes as shall be necessary or desirable to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor, subordinated to no greater extent than the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3 of the Terms and Conditions.
- (d) With respect to the Subordinated Notes, the Issuer shall be entitled, after written approval of the Dutch Central Bank and by notice to the Noteholders given in accordance with Condition 19 at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Noteholders or to waive any and all rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice referred to in paragraph (g) below having been given, the Substituted Debtor shall be deemed to be named in the Notes and the relative Receipts and Coupons as the principal debtor in place of the Issuer and the Notes and

the relative Receipts and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes and relative Receipts and Coupons prior to release and shall inure for the benefit of Noteholders, Receiptholders and Couponholders.

- (f) The Documents shall be deposited with and held by the Agent for so long as any Notes, Receipts or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder, Receiptholder or Couponholder in relation to the Notes or the relative Receipts and Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder, Receiptholder and Couponholder to the production of the Documents for the enforcement of any provision of the Notes or the relative Receipts and Coupons or the Documents.
- (g) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 19.

### **23. Governing Law and Submission to Jurisdiction**

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and their appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons may be brought in any other court of competent jurisdiction.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

## F. VAN LANSCHOT BANKIERS N.V.

F. van Lanschot Bankiers N.V. (the '**Issuer**' or the '**Bank**') was incorporated on 1 January 1978, but can be considered to be the oldest independent Dutch bank with a history dating back to 1737. All outstanding shares in the capital of the Issuer are held by the holding company Van Lanschot N.V. and accordingly, Van Lanschot N.V. has complete control over the Bank. Both companies are public companies with limited liability ("*naamloze vennootschappen*") incorporated under Dutch law and have their statutory seats at 's-Hertogenbosch, the Netherlands. The Bank is active in different countries and operates under the law of various countries. F. van Lanschot Bankiers N.V. is registered in the Oost-Brabant Chamber of Commerce and Industry under No. 16038212. Van Lanschot N.V. is registered in the Oost-Brabant Chamber of Commerce and Industry under No. 16014051. The address of both the Issuer and Van Lanschot N.V. is Hooge Steenweg 27-31, 5211 JN 's-Hertogenbosch, the Netherlands, phone number +31 (0)73 6153911. The date of incorporation of Van Lanschot N.V. is 21 February 1953.

The objects and purposes of the Bank are described in article 2 of its articles of association. The objects of the Bank are to carry on the business of banking and of dealings in stock exchange securities, to administer the property of others, to act as insurance agent, to participate in other companies and to perform all kinds of other activities and to render all kinds of other services which are connected therewith or may be conducive hereto, all this to be interpreted in the widest sense. In pursuing the above objects the Bank shall, within the scope of a proper banking management, direct itself to the lasting interest of all those who are associated with the Bank and the business connected with it.

The Bank's services mainly focus on high net-worth individuals and entrepreneurs. In addition, the Bank's subsidiary Kempen & Co N.V. also concentrates on the institutional market and offers investment services. Under the "Van Lanschot Kempen" brand, the Bank focuses on the top segment of high net-worth individuals (> € 5 million). Furthermore, the Bank offers financial services specifically for the healthcare sector under the "CenE Bankiers" brand. The Bank's services are organised into four business segments: Private Banking, Asset Management, Business Banking and Corporate Finance and Securities.

The services to high net-worth individuals revolve around wealth creation and protection. In this context, the Bank is able to offer a wide range of products and services. The Bank applies the principle of open architecture when offering products to clients, which means offering third-party products when this is in the client's interest. In the corporate sector, the Bank seeks to meet the private and professional needs of business owners and managers. The main clients are family businesses and their directors/majority shareholders, as well as medium sized enterprises. In the institutional market, the Bank mainly focuses on comprehensive fiduciary investment solutions.

The Bank consciously chooses a size which guarantees the right balance between complete and high-quality services and a personal approach, with short communication lines. The Bank is attentive and responsive to its clients' needs, while also offering a high degree of flexibility and discretion. Personal relationships are paramount. In business banking, co-entrepreneurship is the main ingredient of the Bank's client relationship. For this reason, most of the clients of the Bank expressly choose to bank with the Bank as. The Bank greatly values its independence, being the cornerstone of its business model, in which the Bank puts the interests of its clients before all other interests. Therefore, the Bank's actions are guided by its clients' interests.

The Bank has 32 branches in the Netherlands, which means that the Bank is represented in most of the country's big towns and cities. This network allows the Bank to offer all financial services throughout the country. In addition, the Bank has eight branches in Belgium, giving the Bank a solid presence in the country's Dutch-speaking region and in Brussels. Unlike the operations in The Netherlands, Van Lanschot Belgium focuses exclusively on high net-worth individuals and institutional investors. Furthermore, the Bank has branches on Curaçao, on Jersey, in Luxembourg and Switzerland to serve its private clients elsewhere.

The Bank continues to invest in people, advanced ICT-solutions and in product and service concepts that meet its clients' needs. This allows the Bank to build a longterm relationship with its clients. The investments the Bank needs to make require a certain critical mass. At the same time, the personal approach imposes limits on how large the Bank can be.

The Bank aims to achieve organic growth (in terms of both the size of its client base and services and products sold), in addition to making selective acquisitions where necessary.

Depository receipts of Van Lanschot N.V. shares, representing 57.98 per cent. of the ordinary share capital, are traded on Euronext Amsterdam.

Van Lanschot N.V. has issued a written undertaking of joint and several liability for all debts arising from any legal act of the Issuer under Section 403, Book 2 of the Netherlands Civil Code (the '**403-Declaration**'). As a consequence thereof, the Issuer does not publish a balance sheet and profit & loss account. The figures stated below refer to the semi-annual financial statements of Van Lanschot N.V. as per 30 June 2008.

On the basis of the 403-Declaration, Van Lanschot N.V. will be jointly and severally liable with the Bank for the debts resulting from legal acts of the Bank. Van Lanschot N.V. will have the right to withdraw the 403-Declaration at any time by depositing a declaration to this effect with the Oost-Brabant Chamber of Commerce and Industry. Nevertheless, the liability shall continue in respect of obligations which arise from legal acts performed before the withdrawal could be invoked against a creditor. Van Lanschot N.V. can also file a notice of its intention to terminate its remaining liability after withdrawal of the 403-Declaration. Such remaining liability will terminate if certain conditions are met, *inter alia*, that (i) the Bank no longer belongs to the same group of companies as Van Lanschot N.V. and (ii) a two month notice period has expired and the relevant creditor has not opposed the intention to terminate in time or such opposition was dismissed by the court.

## Regulatory Status

The Bank qualifies as a bank within the meaning of EU directive 2000/12/EC. The Bank is authorised by the Dutch Central Bank to pursue the business of a bank ("*bank*") in the Netherlands, in accordance with the Act on the Financial Supervision ("*Wet op het financieel toezicht*") and is consequently supervised by the Dutch Central Bank. In addition, the Bank is supervised by the AFM for the purpose of market conduct supervision.

## CAPITALISATION\*

The consolidated capitalisation of Van Lanschot N.V. and its subsidiaries are as follows:

### Capitalisation

<i>In thousands of euros</i>	30-6-2008	31-12-2007	30-6-2007	31-12-2006
<b>Share capital and reserves</b>				
Issued and fully paid	35,183	34,921	34,884	32,411
Reserves	1,283,631	1,331,800	1,265,745	1,012,417
Perpetual Loans	310,655	318,133	312,751	322,539
Minority Interests	1,745	1,745	-	-
<b>Group Equity</b>	<b>1,631,214</b>	<b>1,686,599</b>	<b>1,613,380</b>	<b>1,367,367</b>
Subordinated debt	441,931	465,451	472,978	476,693
<b>Total group equity and subordinated debt</b>	<b>2,073,145</b>	<b>2,152,050</b>	<b>2,086,358</b>	<b>1,844,060</b>
<b>Loan capital</b>				
Debt securities	1,916,016	3,015,960	3,518,841	3,781,413
<b>Total capitalisation</b>	<b>3,989,161</b>	<b>5,168,010</b>	<b>5,605,199</b>	<b>5,625,473</b>

\* Unaudited; these figures have been derived from the 2007 and 2006 annual report of Van Lanschot N.V. and from the first half year figures 2008 and 2007. The figures have been prepared under IFRS.

## HISTORY AND STRUCTURE OF THE BANK

The activities of the Bank, which until 1954 operated exclusively from offices in 's-Hertogenbosch, have since spread throughout the Netherlands. The Bank now has 32 branches in the Netherlands and is represented in all major centres of population in the country. Its first subsidiary outside the Netherlands was established during the seventies of the last century, in Curaçao, Netherlands Antilles ('**Van Lanschot Curaçao**'). In 1989 the Bank started its international private banking activities through a subsidiary in Luxembourg. In 1991 a subsidiary was opened in Belgium ('**Van Lanschot Belgium**'). Van Lanschot Belgium operates at present 8 branches and Belgium is the second home market of the Bank. In 1995 F. van Lanschot Bankiers (Schweiz) A.G. began business in Zurich and in September 1996 in Geneva. Thereafter the Bank established a subsidiary on Jersey. On 7 November 2008 the Bank announced that it has reached agreement with ING Bank N.V. on the acquisition by Van Lanschot Curaçao of the private banking activities of ING Bank N.V. in Curaçao, Netherlands Antilles. The acquisition will enhance Van Lanschot Curaçao's client base and increase its assets under management. The Bank and ING Bank N.V. plan to effectively transfer the activities in 2008. The acquisition is subject to the approval of the Central Bank of the Netherlands Antilles.

In 2004 the Bank acquired the shares of CenE Bankiers N.V., Utrecht ('**CenE Bankiers**'). CenE Bankiers provides financial services to high net-worth individuals and medium-sized businesses, specialising particularly in healthcare, a segment in which it has a substantial market share. The acquisition of CenE Bankiers represented an outstanding opportunity for the Bank to consolidate its position as pre-eminent bank for high net-worth individuals and further expand its business banking operations. At the end of 2005 the integration of CenE Bankiers into the Bank was fully completed.

On 2 January 2007 the Bank acquired the shares of Kempen & Co N.V., Amsterdam ('**Kempen & Co**'). Kempen & Co is a Dutch merchant bank providing a range of financial services in asset management, corporate finance and securities brokerage. The acquisition resulted in a considerable increase of the assets under management, a stronger investor profile for Private Banking target client groups and increased the professionalism and knowledge in Manager Selection and specific niche markets. Furthermore it increased the client base above €1 million. In the first six months of 2007, the Bank's activities in the field of the securities trading and asset management were combined with those of Kempen & Co in Amsterdam.

## STRUCTURE OF VAN LANSCHOT N.V.

All outstanding shares in the share capital of the Bank are held by the holding company Van Lanschot N.V. Van Lanschot N.V.'s only asset, besides a small amount of liquidities placed with the Bank or intragroup debts, is 100 per cent. of the shares of the Bank. There are no other activities within Van Lanschot N.V. other than the 100 per cent. holding and liquidities/debts. There is no intention to have this situation changed. Van Lanschot N.V. does not and will not make investments. In addition, it does not sell products and/or provide services of any kind. Van Lanschot N.V. only operates under Netherlands law.

The objects of Van Lanschot N.V., as described in article 3 of its articles of association, are to participate in, to manage, to administer and to finance enterprises and companies, and to render services to enterprises and companies, in particular to enterprises and companies whose objects are related to banking, stocks or insurance brokerage, and to engage in any activity which may be related or conducive thereto, including the provision of security of debts of group companies, all this in the widest sense.

### Shareholders of the Issuer and Van Lanschot N.V.

All outstanding shares in the share capital of the Issuer are held by the holding company Van Lanschot N.V. The authorised share capital of the Issuer consists of 400,000 shares of €100 each. All shares are nominative shares. Share certificates have not been issued. All 400,000 shares are held by Van Lanschot N.V. and have been fully paid-up.

The authorised share capital of Van Lanschot N.V. consists of 135,000,000 shares of €1 nominal value each, and is divided into preference shares A, B and C and ordinary shares A and B. Preference shares C have not been issued. Preference shares A en B have been issued since 29 December 2008, as explained below. The outstanding ordinary share capital of Van Lanschot N.V. on the date of this Base Prospectus amounts to €35,190,177 and is divided into

20,461,670 ordinary A shares and 14,728,507 ordinary B shares. On 1 December 2008, Van Lanschot N.V. has announced that it plans to issue 1,379,311 preference A shares and 2,068,965 preference B shares. The shareholders have given permission to this issue in the Extraordinary Meeting of Shareholders which was held on 17 December 2008. On 29 December 2008, 1,379,311 preference shares A and 2,068,965 preference shares B were issued to institutional and private investors. All the preference shares A were directly issued to investors, the identity of which has not been disclosed. All the preference shares B were issued to a holding company named Pref B Van Lanschot Participatie NV, which sole purpose is to hold the preference B shares. Pref B Van Lanschot Participatie NV holds 5,35% of the total issued share capital of Van Lanschot NV. This structure allows the investors to benefit from the participation exemption ("*deelnemingsvrijstelling*"). The identity of the investors that participate in Pref B Van Lanschot Participatie NV has not been disclosed. After the issue of the preference shares 1,379,311 preference shares A and 2,068,965 preference shares B are outstanding. The amount of the outstanding ordinary shares A and B remained unchanged. The ordinary B shares are held by a number of large shareholders. Under the Articles of Association, the transfer of ordinary B shares is subject to the prior approval of the Supervisory Board and the Board of Managing Directors. The ordinary A shares are held by Stichting Administratiekantoor van gewone aandelen A Van Lanschot (the 'Trust'), which has issued depositary receipts for these shares. These depositary receipts are listed on Euronext Amsterdam. The issuing of depositary receipts does not have a protective nature. In line with the Dutch Corporate Governance Code, the Trust grants holders of depositary receipts a voting right at any time. The depositary receipts and Trust only exist so as to sufficiently protect the interests of small holders of depositary receipts, insofar as they do not exercise their voting rights themselves. In that case, the Trust exercises the voting right in the interest of such holder of depositary receipt. A depositary receipt can be converted into the underlying ordinary A share without any restrictions. The board of the Trust consists of four members and is independent from Van Lanschot. The Trust collects the dividends for the account of the holders of the depositary receipts and distributes the dividends directly to the holders of the depositary rights. The ordinary shareholders are mentioned in the table below.

#### Ordinary shareholders Van Lanschot N.V.

	Interest in ordinary shares A plus ordinary shares B	
Friesland Bank NV	27.03	
ABP	9.98	
Delta Lloyd NV	31.65	
La Dou du Midi BV	12.57	
Management and Staff	4.41	
SNS	5.25	
Other	9.10	
Total ordinary Shares A and B	35,190,177	100.00

#### BOARD PRACTICES OF VAN LANSCHOT N.V.

Van Lanschot N.V. is a two-tier board company ("*structuurvennootschap*"). The Board of Managing Directors of Van Lanschot N.V. is also the Board of Managing Directors of the Bank. Supervision of the Board of Managing Directors and the general course of affairs at Van Lanschot N.V. is entrusted to the Supervisory Board. Its members are appointed by the General Meeting of Shareholders. Members of the Board of Managing Directors are appointed by the Supervisory Board.

Van Lanschot N.V. subscribes to the principles of the Dutch Corporate Governance Code (the '**Code**'). (the '**Code**').

Chapter II of the Code sets out the principles and best practices to apply to the Board of Managing Directors. In departure from best practice provision II.2.7, compensation payable to managing directors appointed after 1 January 2005 and dismissed by the company will be limited to an amount equal to their fixed gross annual salary plus the average variable remuneration paid over the preceding three years, plus an amount equivalent to the annual pension and disability contributions. Compensation payable to managing directors appointed prior to 1 January 2005 will



continue to be governed by the terms of their individual employment contracts. Van Lanschot N.V. considers it inappropriate to change the terms of those contracts.

Instead of a separate remuneration committee and a selection and appointment committee, as required under principle III.5 of the Code, Van Lanschot N.V.'s Supervisory Board set up a single Selection and Remuneration Committee. The Committee has four members and is responsible for matters concerning the selection, appointment and remuneration of managing directors. The current members of the Committee are Mr de Swaan, Ms Lodder, Mr Slippens and Mr Streppel. The company's size means that the number of subjects to be dealt with by these committees will be limited. As a result, it was considered desirable from an efficiency perspective to assign these responsibilities to a single committee. Matters concerning selection and appointment are chaired by Mr de Swaan, matters concerning remuneration are chaired by Mr Slippens.

Since the protective nature of issuing depositary receipts has been abandoned following the Annual General Meeting in May 2006, Van Lanschot N.V. complies with all the principles and best practice provisions of the Code except for:

- (i) compensation of Board Members on involuntary dismissal (II.2.7.); and
- (ii) one Selection and Remuneration Committee rather than two separate committees (III.5).

The period of office of all members of the Board of Managing Directors of Van Lanschot N.V. and the Bank is four years, in compliance with best practice provision II.1.1 of the Code.

Van Lanschot N.V. will continue to be mindful in the future of the principles and best practice provisions as contained in the Code. The articles of association and the various regulations and other documentation on corporate governance may be consulted on Van Lanschot N.V.'s website at [www.vanlanschot.com](http://www.vanlanschot.com).

The Audit and Compliance is a permanent committee, existing of members of the Supervisory Board. It has the duty to advise the Supervisory Board on financial reports, internal and external audit reports and compliance matters of Van Lanschot N.V. and its subsidiaries (including the Bank). In principal, the Audit and Compliance committee consists of four members. The current members of the Audit and Compliance committee are Mr Streppel, Mr De Monchy, Mr De Swaan en Mr Van Lanschot. Mr Streppel is chairman of this committee.

The Audit and Compliance committee can only exercise the powers it is explicitly provided with or the powers delegated to it by the Supervisory Board. The Audit and Compliance committee can never exercise more powers than the entire Supervisory Board, or the Supervisory Board has provided with or delegated to the Audit and Compliance committee. Accordingly, the Audit and Compliance committee only acts as advisor of the Supervisory Board.

The Audit and Compliance Committee met on four occasions during the year 2007 and these meetings were attended by a delegation of the Board of Managing Directors. The meetings were also attended by the external auditor, the manager of Group Audit, the manager of Financial Control and, if his area of responsibility was being discussed, the Group Compliance Officer.

The Audit and Compliance Committee extensively considered the annual and half-year figures and discussed the reports of the external auditors and the management letter prior to them being discussed in a meeting of the complete Supervisory Board. In the meeting of March, the Committee discussed the report of the Board of Managing Directors on the financial reporting risks. Furthermore, the annual plan, the progress reports and the annual report of Group Audit were also discussed, as well as the external auditor's audit plan, the list of ongoing disputes and complaints and the reports of Group Compliance. By way of preparation for a meeting of the entire Board, one of the four meetings was devoted to the subject of internal control. There were also extensive discussions about the contacts with the Dutch Central Bank and the AFM and the reports issued by those authorities. The Audit and Compliance Committee held one meeting with the external auditor without company officials being present. In addition, the Committee met with the manager of Group Audit without company officials being present.

## **Strategic objectives**

The Bank is an independent, medium-sized bank that focuses on providing services to high net-worth individuals and (medium-sized) family businesses.

The personal way in which the Bank provides services and the short lines within the organisation, offering flexibility and tailor-made solutions for its clients, is what distinguishes the Bank. Therefore, clients who choose the Bank do so consciously.

The position of the Bank as an alternative for the large banks is the most important reason why independence is a strategic objective since belonging to a group in the financial sector – even as a separate label – inevitably results in full integration prompted by the structural excess capacity in the industry, the great deal of attention necessarily paid to risk management and the centralised set-up of supervisory bodies. Integration of this kind is at odds with clients' wishes, is not the reason why employees chose the Bank and – in the opinion of the Bank – will not result in additional value for the shareholders of the Bank in the medium term.

The aforementioned characteristics also imply a ceiling for the Bank's growth possibilities: choosing an alternative is only valid if the services are and remain different from those of large banks. Furthermore, the necessary investments (IT, Basel II, marketing, products) require a minimum critical mass. Achieving the right balance between this minimum critical mass and the maximum size of the Bank that still allows the Bank to continue to guarantee the provision of high-quality services to clients is another strategic objective. The policy of the Bank to allow its clients' interests to guide its actions means that its strategic objectives need to be couched in more than just financial terms. This is reflected by the following strategic choices:

#### *Distinct positioning*

- real alternative to the large banks
- independence is the distinguishing feature

#### *Full-service niche bank*

- large enough to provide full-service concept to target groups
- small enough to ensure genuine personal service

#### *Client intimacy*

- the client is key, also in terms of client due diligence
- best in class products/full open architecture

#### *Private Banking*

- wealthy private individuals

#### *Business Banking*

- enterprises and entrepreneurs, combined
- aligned to private banking

The financial targets of the Bank are ambitious and serve as indicators. During the Annual General Meeting of Shareholders in May 2008, Mr Deckers, chairman of the Board of Managing Directors, presented the results of the second year after the implementation of the refined strategy of the Bank. Van Lanschot N.V. presented its refined strategy in May 2006. In 2007, the Bank further developed its private banking strategy. In the market for high net worth individuals, the Bank is increasingly focusing on asset management and advice for the higher segments. For

instance, clients with assets of more than €1 million available for investment are served by specialist teams delivering tailor-made solutions. The Bank's private banking and asset management activities represented 54% of the 2007 operating profit before tax, compared with 46% in 2006. The business banking activities of the Bank continue to focus on family businesses and their directors/majority shareholders.

Within the scope of its private banking strategy, the Bank has deliberately increased its focus on attracting savings and deposits since the end of 2006. The Bank also enjoyed solid growth in the number of clients against the background of the takeover battle in the Dutch financial sector in 2007. This resulted in a significant growth in savings accounts and deposits of private clients. In part thanks to this, the funding ratio (the extent to which the Bank's total loans and advances are financed by funds entrusted by clients) rose from 77.4% at year-end 2006 to 91.2% at the end of 2007.

As part of the refined strategy, new ambitious financial targets were announced in May 2006, as summarised below:

First half year 2008	Financial targets
- 43.6%	Annual EPS growth of at least 10%
- 15.6%	Annual revenue growth of at least 5%
8.2%	Return on equity of 18% on average
72.1%	Efficiency ratio of between 50% - 60%
Capital ratios: 11.3%	Capital ratios: BIS total capital ratio of 12.5%
8.8%	Tier 1 ratio of 9.5%
6.6%	Core tier 1 ratio of 7.5%
Single A rating from at least 2 rating agencies	Single A rating from at least 2 rating agencies

In December 2008, the rating agencies Standard & Poor's and Fitch both reconfirmed their credit rating for the Bank at A (Single A) with a stable outlook. In its report, Standard & Poor's again attributed this rating to Van Lanschot's *"conservative management and solid asset quality, together with a sound capital base and strong funding position"*.

According to Fitch, *"Van Lanschot's ratings also take into account the bank's strengthened capitalisation and adequate liquidity"*.

The Bank aims to achieve organic growth (in terms of both the size of its clients base and services and products sold), in addition to making selective acquisitions where necessary. In 2007, the number of private clients rose 7.2% and the number of business banking clients 8.0%. External research in 2007 confirmed that the Bank's client satisfaction rate is clearly above the market average.

### Risk policy

The risks specific to the situation of the Issuer that are material for taking investment decisions and that may affect the Issuer's ability to fulfil its obligations under the Notes are limited. The Issuer pursues a prudent risk policy, and risk management and control are important elements of its business operations. In accordance with the risk classification outlined by the Dutch Central Bank, banks such as the Issuer may be subject to liquidity risk, market risk, operational risk, ICT risk, integrity risk, risk of fraud, outsourcing risk and credit risk. With respect to the Issuer's exposure to credit risk the following is noted. The Issuer's loan acceptance policy is directed at maintaining the quality of its loans portfolio. Up to a conservative limit and subject to strict acceptance criteria, the power to approve and renew loans is delegated to branch office management, who are supported in this task by regional credit managers. The power to approve loans in excess of €3 million is reserved to the Central Credit Committee, whose members include the Board of Managing Directors. The Committee also ensures that the loans portfolio has a well-balanced spread. The Issuer's

loan acceptance policy is directed at maintaining the good quality of its loans portfolio. The non-retail loans and advances portfolio is given a rating, based on certain rating models. For many years now, the Issuer has pursued a conservative loan approval policy. The loans portfolio is considered to have a low risk profile, which is partly attributable to the fact that more than half of the loan portfolio consists of home mortgages, while exposures outside the Benelux region are limited. The types of risks referred to above and the manner in which the Issuer aims to manage these risks are explained in the section 'Risk management' of the annual report 2007, which can be obtained from the website of Van Lanschot N.V. at <http://www.vanlanschot.com>.

## SELECTED FINANCIAL INFORMATION OF VAN LANSCHOT N.V.<sup>6</sup>

The following table shows the development of the business of Van Lanschot N.V. and its subsidiaries since 2006.

### Key date

<i>In thousands of euros</i>	30-6-2008	31-12-2007	30-6-2007	31-12-2006
<b>Results</b>				
Income from operating activities	283.009	647.996	335.410	503.973
Operating expenses	203.915	414.746	212.526	286.433
Impairments	6.254	71	(2.328)	2.873
<b>Operating profit before tax</b>	<b>72.840</b>	<b>233.179</b>	<b>125.212</b>	<b>214.667</b>
<b>Net profit</b>	<b>60.206</b>	<b>215.369</b>	<b>101.614</b>	<b>184.488</b>
<b>Balance sheet</b>				
Shareholders' funds attributable to shareholders of Van Lanschot NV	1.318.814	1.366.721	1.300.629	1.044.828
Shareholders' funds attributable to holders perpetual loans	310.655	318.133	312.751	322.539
Shareholders funds attributable to other minority interests	1.745	1.745	-	-
Public and private sector liabilities	15.940.802	14.596.804	13.460.464	11.412.890
Loans and advances to the public and private sector	16.703.039	16.006.235	15.811.224	14.746.139
Total assets	21.767.953	21.718.834	21.406.438	18.739.275
<b>Key figures</b>				
Average number of ordinary shares	34.718.634	34.421.945	34.420.786	31.887.561
Earnings per ordinary share based on average number of ordinary shares in euros	1,58	5,94	2,80	5,48
Dividend per ordinary share in euros		3		2,75
Efficiency ratio (%)	72,1%	64,0%	63,3%	57,5%
2007/6 based in continuing operations				
Return on average shareholders' funds (%)	8,2	16,9	15,9	17,4
BIS total capital ratio (%)	11,3	12,0	12,4	13,7
BIS Tier 1 ratio (%)	8,8	9,0	8,9	10,0
BIS Core Tier 1 ratio (%)	6,6	6,7	6,5	7,3

<sup>6</sup> Unaudited; these figures have been derived from the 2007 and 2006 annual report of Van Lanschot N.V. The first half year figures 2008 are also included. The figures are presented on the basis of IFRS

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## **BUSINESS**

The Bank focuses on providing financial services mainly to high net-worth individuals (with emphasis on portfolio management and investment advice) and to family businesses.

The current segmentation is Private Banking, Asset Management, Business Banking, and Corporate Finance & Securities. The CenE Bankiers segment (Healthcare) is no longer reported separately, but now falls in the Business Banking segment.

### **Developments by company segment**

#### **Private Banking**

On the Private Banking market, the Bank's target clients are individuals with above-average earnings or wealth. The Bank also focuses on specific groups of professionals, such as business professionals (accountants, lawyers, public notaries and attorneys), executives of listed companies, professional athletes and directors/majority shareholders.

Within the Private Banking segment, the number of private target group clients was up 2.7% compared with the first half of 2007. Savings accounts and deposits also posted a growth in the first half of 2008, rising €1.7 billion (24%) to €8.8 billion. On the other hand, assets under discretionary management fell by €1.0 billion, from €6.3 billion to €5.3 billion. Owing to the bearish sentiment on the stock exchange, clients are holding a larger part of the portfolio in the form of liquidity. Client assets (funds entrusted plus assets under management) on balance declined by 1.4% or €0.4 billion, from €28.4 billion at yearend 2007 to €28.0 billion. The increase in funds entrusted fell just short of absorbing the decrease in assets under management. Loans and advances to private clients diminished by €0.1 billion to €9.5 billion.

Income from operating activities for the first six months of 2008 was down from €176.9 million to €163.0 million on account of lower securities commission, which dropped 25% (from €76.2 million to €57.1 million) compared with the first half of 2007. Interest income rose, with the exception of penalty interest, which again declined.

Operating profit before tax of Private Banking was €41.7 million, representing a 40% decline on the corresponding period in 2007.

Total expenses were up from €107.4 million to €121.3 million, largely as a result of higher other administrative expenses. These grew 22% from €35.8 million to €43.6 million, mainly due to higher IT costs for external staff hired and higher marketing costs for the Private Banking segment. In addition, staff costs increased by 3% from €65.3 million to €67.0 million, directly attributable to the higher number of bankers. In the first half of 2008, €2.3 million was posted for impairments.

#### ***Van Lanschot Belgium***

Van Lanschot Belgium's gross operating profit for the first half of 2008 was down €2.0 million (50%), from €3.9 million in the first half of 2007 to €9 million, and income from operating activities decreased as well, by 12% from €15.8 million to €13.9 million. The decrease in funds entrusted and reticence on the part of its clients to execute securities transactions led to a 22% decline in commission income. Interest income remained stable. The volume of loans and advances in the first half of 2008 was up 3% from €362 million to €374 million. In this period, savings accounts and deposits were higher as well, posting a 9% increase from €639 million to €695 million. Operating expenses remained nearly stable; they increased slightly (1.0%) to €11.8 million. The number of target group clients of Van Lanschot Belgium increased 3% in the first half of 2008, with the number of Belgian private clients growing by 4%.

### *International Private Banking*

Gross operating profit before tax generated by the International Private Banking activities of the foreign branches of the Bank (Van Lanschot Curaçao, Van Lanschot Luxembourg and Van Lanschot Switzerland) and the representative office in the South of France declined 25% from €7.5 million in the first half of 2007 to €5.6 million in the reporting period, largely as a result of lower securities commission.

### *Asset Management*

The Asset Management business segment comprises the asset management activities of the Bank. Wealth creation and wealth protection are the key competences of the Bank. With the acquisition of Kempen & Co, the Bank has expanded its expertise in the fields of investment and asset management. The combination of the asset management and securities trading departments of the Bank with those of Kempen & Co has been finalised. Institutional asset management is part of the segment Asset Management. Institutional securities business is part of the segment Securities & Corporate Finance. Kempen & Co is specialist in a number of niche markets: European small and midcap funds and European real estate.

This segment's income from operating activities, which is mainly made up of commission, dropped 39% from €35.6 million to €21.6 million. This decline is attributable to the negative sentiment on the stock exchanges.

Assets under discretionary management for institutions moved up €0.9 billion from €4.9 billion to €5.8 billion. This rise was generated by a net inflow of €1.5 billion and negative market performance of €0.6 billion. Assets under discretionary management of the in-house funds dropped €0.2 billion from €4.6 billion to €4.4 billion due to a €0.2 billion net inflow and a €0.4 billion negative market performance.

Total expenses dropped 24% from €18.5 million to €14.0 million. This decrease was due in particular to the staff costs, which went down 31% from €15.0 million to €10.3 million on account of the lower accruals for bonuses in this segment.

The Asset Management segment posted an operating result before tax of €7.6 million, representing a 56% decline.

### *Business Banking*

Medium-sized family and other businesses are the main target client groups of the Bank in the Business Banking market. The interaction between management and ownership is familiar territory for the Bank as an independent bank. The Bank focus on building long-term relationships with entrepreneurs whose personal and business interest merit maximum attention. The Bank provides objective and professional advice, supported by specialist Property Consultancy & Financing, Structured & Leveraged Finance, and Venture Capital units. The Business Banking segment also comprises the Healthcare activities.

Income from operating activities rose 18% to €78.9 million. Compared with the first half of 2007, interest income moved up 20%. Loans and advances to corporate clients in the first half of 2008 increased by €0.6 billion to €5.3 billion. On the other hand growth in funds entrusted was limited. This volume increase, along with the higher interest rates, positively impacted interest income. The profits on sale and valuation gains on associates and the venture capital unit totalled €6.5 million. The number of business banking clients grew in particular in the family businesses segment, while in the healthcare segment the target group of medical professionals also increased.

Total expenses increased 15% to €42.0 million, which increase was mainly driven by impairments. The addition to the provision was €4.0 million for Business Banking, mainly related to two large corporate clients, one of them being the victim of fraud. Other administrative expenses were up 17% to €15.0 million.

Operating profit before tax of Business Banking was €36.9 million, representing a 20% rise on the corresponding period in 2007.



### Corporate Finance & Securities

The segment Corporate Finance & Securities comprises the corporate finance activities and securities broking to professional investors in Europe and the United States.

Income from operating activities in this segment declined 37%, from €43.8 million in the first half of 2007 to €27.7 million in the first half of 2008. The operations included in this segment are volatile by nature and depend on stock exchange trends and the number of share issues, mergers and acquisitions led by the Bank. Corporate Finance's commission income posted a solid increase thanks to their successful handling of a number of mergers and acquisitions. However, due to the turbulent behaviour of the stock exchanges, commission and trading income levels of the Securities department were under pressure. On balance, commission income dropped 35% compared with the first half of 2007.

Total expenses were down 27% from €27.0 million to €19.8 million, mainly as a result of lower accruals for bonuses at Kempen & Co. Other administrative expenses declined 16% from €6.8 million to €5.7 million.

Operating profit before tax decreased 53% compared with the first half of 2007.

### SOURCES OF FUNDS<sup>7</sup>

The principal sources of the Van Lanschot N.V.'s funds are the funds entrusted by customers, consisting of savings accounts, short and long term deposits and moneys repayable on demand, and moneys placed by banks, domestically and internationally. Other sources of funds include listed bonds, private placements, bank bonds and subordinated loans.

#### Sources of funds

at 30 June 2008

<i>In thousands of euros</i>	30-6-2008	31-12-2007	30-6-2007	31-12-2006
Due to the public and private sectors	15,940,802	14,596,804	13,460,464	11,412,890
Issued debt securities	1,916,016	3,015,960	3,518,841	3,781,413
Banks	827,854	904,407	1,255,645	831,543
Financial liabilities from trading activities	88,347	35,583	81,493	41,214
Financial liabilities at fair value through profit or loss	18,524	18,243	6,089	3,535
Derivatives	268,209	387,643	454,524	372,099
Subordinated loans	441,931	465,451	472,978	476,693
Tax, provisions and accruals	635,056	608,144	543,024	452,521
	20,136,739	20,032,235	19,793,058	17,371,908
Issued debt securities	-1,916,016	-3,015,960	-3,518,841	-3,781,413
Subordinated loans	-441,931	-465,451	-472,978	-476,693
Indebtness	17,778,792	16,550,824	15,801,239	13,113,802

<sup>7</sup> Unaudited; these figures have been derived from the 2007 and 2006 annual report of Van Lanschot N.V. and from the first half year figures 2008 and 2007

## SUPERVISORY AND MANAGEMENT BOARDS

The members of the Supervisory Board of both the Bank and Van Lanschot N.V. are:

T. de Swaan (1946), *Chairman*

Nationality: Dutch.

Appointed as of 10 May 2007; the appointment runs until 2011.

Former member of the Executive Board of ABN AMRO Bank N.V., ABN AMRO Bank Holding N.V. and De Nederlandsche Bank N.V.

Seats on other Supervisory Boards: Royal DSM and Royal Ahold N.V.

Other positions: Member of the Board of Zurich Financial Services, member of the Board of GlaxoSmithKline Plc, Treasurer Board Koninklijk Concert Gebouw Orkest, Chairman of the Board of Van Leer Jerusalem Instituut, Chairman Adviesraad Rotterdam School of Management Erasmus Universiteit, Treasurer Board Antoni van Leeuwenhoekhuis/Nederlands Kankerinstituut, Chairman Board of Support Foundation MS Centre Amsterdam, Treasurer Board Sahel Opera, Member of the Board Liszt Concours.

J.B.M. Streppel (1949), *Deputy Chairman*

Nationality: Dutch.

Appointed as of 11 May 2005; the appointment runs until 2009.

Member of the Executive Board of Aegon N.V.

Seats on other Supervisory Boards: KPN N.V. and EFRAG.

Other positions: Member of the Board of Pantar Group, member of the Committee of Listed Companies of Euronext, Chairman of the Financial-Economic Affairs Committee of the Association of Insurers, Chairman CEA ECOFIN, Chairman of Stichting Stemmen bij Volmacht, member of the Corporate Governance Code Monitoring Committee, Chairman Duisenberg School of Finance.

W.W. Duron (1945), *Member*

Nationality: Belgian.

Appointed as of 10 May 2007; the appointment runs until 2011.

Former chairman of the Board of KBC Group N.V.

Other positions: Member of the Board of Ravago Plastics, member of the Board of Van Breda Risk & Benefits, member of the Board of Tiginix, Member of the Board of Katholieke Universiteit Leuven, Chairman Audit Committee Katholieke Universiteit Leuven, Member of the Board of Universitair Centrum Kortenberg, Member of the Board of W&K, Member of the Board of Agfa-Gevaert.

C.W. de Monchy (1950), *Member*

Nationality: Dutch.

Appointed as of 10 December 1998; the appointment runs until 2011.

Attorney and civil-law notary; Former member of the Board of Management of De Brauw Blackstone Westbroek N.V.

Other positions: Several management positions in Rotterdam.

Ms T.M. Lodder (1948), *Member*

Nationality: Dutch.

Appointed as of 11 May 2005; the appointment runs until 2009.

Director of De Nederlandse Opera; Director of Stichting Het Muziektheater, Amsterdam.

Seats on other Supervisory Boards: N.V. Nederlandse Spoorwegen and of I Care Productions

Other positions: Member of the supervisory board of Domenus, Member of the general council of Stichting Praemium Erasmianum, member of the board of SLAA and member of the Supervisory Board of VSB fonds, member of the Board of YO! Supervisory International Youth Opera Festival

G.P.J. van Lanschot (1964), *Member*

Nationality: Dutch.

Appointed as of 10 May 2006; the appointment runs until 2010.

Previous positions: various positions at ABN AMRO Bank N.V.

A.J.L. Slippens (1951), *Member*

Nationality: Dutch.

Appointed as of 10 May 2007; the appointment runs until 2011.

Mr Slippens is former Chairman of the Executive Board of Sligro Food Group N.V.

Seats on other Supervisory Boards: Stiho Groep B.V., Groeneveld Intersafe B.V., Simac Techniek N.V., Pacombi Beheer N.V., Coöperatieve Bloemenveiling FloraHolland U.A., Sietzel Beheer B.V.

Other positions: Member of the Board of Stichting Administratiekantoor Exa Holding B.V., Member of the Board of Stichting Administratiekantoor Beccus, Member of the Supervisory Board of Toezicht GGZ Oost-Brabant, Rosmalen.

The members of the Board of Managing Directors of both the Bank and Van Lanschot N.V. are:

F.G.H. Deckers (1950), *Chairman*

Nationality: Dutch.

Appointed: 1 January 2008.

Appointment runs until: 1 January 2012.

Mr Deckers' areas of responsibility are the Corporate Secretariat, Legal Affairs, Compliance, Group Audit, Human Resource Management, Corporate Communication and Strategy. He is also responsible for Van Lanschot Belgium.

Other positions: member of the Supervisory Board of IBM Nederland N.V., member of the Supervisory Board of Springpaarden Fonds Nederland BV, member of the Supervisory Board of SBM Offshore N.V., member of the Board of the Netherlands Bankers' Association, member the Supervisory Committee of SieBold Huis, member of the Supervisory Committee of Stichting Alzheimer Nederland, member of the Advisory Council of Euronext Amsterdam N.V. and member of Adviesraad Woman Capital.

P.A.M. Loven (1956), *Member*

Nationality: Dutch.

Appointed: 1 August 2005.

Appointment runs until: 1 August 2009.

Mr Loven is responsible for Operations, Corporate Purchasing, Financial Control, Tax Affairs, Treasury, IT services and the project Drive! He is also responsible for Facility Services and Van Lanschot Curaçao.

Appointed on 1 August 2005, term of office expires on 1 August 2009.

Other positions: member of the Supervisory Board of Van Lanschot Chabot Holding BV.

I.A. Sevinga (1966), *Member*

Nationality: Dutch.

Appointed: 22 Januari 2007.

Appointment runs until: 22 Januari 2011.

Mr Sevinga is responsible for Kempen, Risk and Marketing & Productmanagement.

Appointed on 22 January 2007, term of office expires on 1 January 2011.

Other positions: Treasurer of the KNHS (Royal Dutch Equine Sports Federation).

P.R. Zwart (1954), *Member*

Nationality: Dutch.

Appointed: 1 November 1985.

Appointment runs until: 1 January 2010.

Mr Zwart is responsible for Private Banking (including International Private Banking and Trust) and Business Banking (including Health Care CenE Bankiers). He is also responsible for the Works Council, Van Lanschot Luxembourg and Van Lanschot Switzerland.

Appointed on 12 June 1998, term of office expires on 1 January 2010.

Other positions: member of the Supervisory Board of Handelonderneming Rob Reigwein bv, member of the Supervisory Board of BV Exploitiemaatschappij Riemersma, member of the Supervisory Board of Van Lanschot Chabot Holding BV, member of the Supervisory Board of PNO Consultants BV and treasurer of the Dutch Bridge Association.

There are no potential or actual conflicts of interest between any duties owed by the members of the Supervisory and Management Board or the general managers of both the Bank and Van Lanschot N.V. to the Bank and/or Van Lanschot N.V. and their private interests or other duties.

The business addresses of the persons mentioned under this section are at the address of the Issuer.

## FINANCIAL STATEMENTS OF VAN LANSCHOT N.V.

The financial statements set out below are included in the annual report 2007, the press release annual results 2007 publicly made available on 20 March 2008 (see item h of the '*Documents incorporated by reference*') and in the semi annual review (see item c of the '*Documents incorporated by reference*') 2008, which can be obtained from the website of Van Lanschot N.V. at <http://www.vanlanschot.com>.

### Developments in 2007

The Bank's investment and trading portfolios neither contain any positions in the subprime sector nor any positions in funds that invest in the subprime sector. As a result, the Bank did not experience any direct impact from the liquidity and credit crisis that caused turmoil on the financial markets in the second half of the year. The Bank has always consciously chosen a low risk profile, this being in line with its position as a private bank. Thanks to its focus on attracting savings and deposits from its clients, the Bank has an extremely solid liquidity position. The Bank's loan book does not comprise any loans that are affected by the credit crunch. The Bank grants loans almost exclusively to Dutch companies and Dutch and Belgian wealthy private individuals. Please refer to the charts at the end of the semi annual review 2008 (see item c of the '*documents incorporated by reference*') for a breakdown of the Bank's investments and loan book.

In 2007, the Bank further developed its private banking strategy. In the market for high net worth individuals, the Bank is increasingly focusing on asset management and advice for the higher segments. For instance, clients with assets of more than €1 million available for investment are served by specialist teams delivering tailor-made solutions. The Bank's private banking and asset management activities represented 54% of the 2007 operating profit before tax, compared with 46% in 2006. The business banking activities of the Bank continue to focus on family businesses and their directors/majority shareholders.

Within the scope of its private banking strategy, the Bank has deliberately increased its focus on attracting savings and deposits since the end of 2006. The Bank also enjoyed solid growth in the number of clients against the background of the takeover battle in the Dutch financial sector in 2007. This resulted in a significant growth in savings accounts and deposits of private clients, from €4.0 billion to €7.1 billion, which is a 77.5% growth. In part thanks to this, the funding ratio (the extent to which the Bank's total loans and advances are financed by funds entrusted by clients) rose from 77.4% at year-end 2006 to 91.2% at the end of 2007.

In 2007, the number of private clients rose 7.2% and the number of business banking clients 8.0%. External research in 2007 confirmed that the Bank's client satisfaction rate is clearly above the market average.

### Performance in 2007

Net profit for 2007 amounted to €215.4 million, an increase of 16.7% on 2006 (€184.5 million). Earnings per share were €5.94, i.e. an 8.4% increase on 2006 (€5.48). As part of the acquisition of Kempen & Co, 2.4 million new shares were issued. The average number of outstanding shares was thus 7.9% higher.

On 2 January 2007, Kempen & Co became a wholly-owned subsidiary of the Bank. To allow an adequate comparison between the periods, the tables in the semi annual review 2008 (see item c of the '*Documents incorporated by reference*') state the pro-forma 2006 results of the Bank inclusive of the results of Kempen & Co. On a pro-forma basis, net profit for 2007 shows a 2.4% decline from €220.8 million to €215.4 million. This is caused by several exceptional items, i.e. the release in 2006 of a provision for healthcare costs (€19.5 million income) and the amortisation on the intangible assets of Kempen & Co in 2007 (€13.6 million expense). The intangible assets include the Kempen & Co brand name and the client base.

Furthermore, the figures are adjusted for Van Lanschot Assurantiën, on account of the sale of a 51% interest in 2007. Net profit of Van Lanschot Assurantiën is disclosed separately under 'discontinued operations'. For 2007, this concerns the net profit up to and including 30 November, the date on which Van Lanschot Assurantiën was sold. With effect from 1 December 2007, 49% of the net profit of Van Lanschot Chabot is included under 'income from

securities and associates'. The gain on sale, amounting to €20.8 million, is also included under the item 'discontinued operations'.

## Results

*In order to ensure the comparability of results, reference is made in this section to the pro forma figures for 2006 as included in the press release annual results 2007 publicly made available on 20 March 2008 (see item h of the 'Documents incorporated by reference')*

Income from operating activities climbed €31.9 million (5.2%) from €616.1 million in 2006 to €648.0 million in 2007.

Interest income rose 4.5% from €264.3 million to €276.3 million. The positive trend of the underlying volumes suffered from a declining interest margin (from 1.42% at year-end 2006 to 1.37% at year-end 2007). In the second half of the year, the interest margin recovered slightly, especially thanks to the favourable margins realised on interbank lending as a result of the liquidity and credit crisis. Penalty interest received on account of the early repayment of loans was €4.6 million lower than in 2006 and came to €5.0 million. This decline can be attributed to the increasing interest rate. An amount of €4.5 million was recognised in 2007 for the amortisation of acquired surplus (resulting from the acquisition of CenE Bankiers), which item will almost fully disappear in 2008.

Private client savings accounts and deposits rose to €7.1 billion, i.e. a €3.1 billion (77.5%) increase. This increase can be attributed to the strong rise in the number of target group clients and higher funds entrusted per client. The consolidation battle in the Dutch banking sector and the shift towards clients holding more liquid assets were the reasons for this. Loans (including mortgage loans) granted to private clients grew by €0.6 billion to €9.6 billion. For corporate clients, deposits declined by €0.4 billion (-18.2%) to €1.8 billion and the volume of corporate loans grew €0.6 billion to €4.6 billion.

Income from securities and associates went down by 39.4% compared with 2006, from €45.4 million to €27.5 million. This amount includes €19.0 million for the gain on the sale of available-for-sale investments (2006: €35.6 million), €11.2 million in dividend payments (2006: €15.2 million) and a negative revaluation result of - €2.7 million (2006: - €5.4 million). Income from securities and associates also comprises €0.2 million for Van Lanschot Chabot. This is 49% of the net profit for December 2007.

Net commission income was up by 14.2% from €258.7 million in 2006 to €295.4 million in 2007. The growth in securities commission in particular contributed towards this increase, thanks to the positive sentiment on the stock exchanges in the first half of the year, and the performance fees realised by several in-house funds that performed extremely well compared with the benchmark defined in the prospectus. The downturn in the sentiment on the stock exchanges as a result of the credit crisis led to fewer securities transactions by investors, in particular in the fourth quarter of the year. The declining share prices also put pressure on the custody and asset management fees. On balance, however, securities commission rose strongly by 17.7% from €211.6 million to €249.0 million. Other commission income (commission on cash transactions and other commission) remained nearly stable at approx. €46.4 million.

Profit on financial transactions increased by 2.3% from €47.7 million in 2006 to €48.8 million in 2007. This item contains the realised and unrealised value changes on the trading portfolio, exchange differences and realised and unrealised gains and losses on derivatives. Profit on financial transactions strongly depends on the interest rate, the developments on the stock exchanges and exchange rate movements.

Total operating expenses increased 18.5%, from €350.1 million in 2006 to €414.7 million in 2007. Excluding the exceptional items, operating expenses rose by €8.5% from €369.6 million to €401.1 million. The exceptional items are the release of the provision for healthcare costs of €19.5 million in 2006 and the amortisation of intangible assets of €13.6 million, which resulted from the acquisition of Kempen & Co in 2007.

Staff costs rose by 18.1% from €210.4 million to €248.5 million. Exclusive of the release of the provision for healthcare costs in 2006, staff costs were 8.1% higher. This increase in staff costs results from the regular pay rises and profit-related bonuses. Furthermore, the Bank continues its investments in staff quality through education and training. The costs of education and training were 3.5% of wage costs (2006: 2.8%).

Other operating expenses grew by 8.7% from €119.4 million to €129.8 million. This increase can largely be attributed to a rise in the IT costs due to external staff hired. Within the scope of this IT project, €4.6 million was charged to profit in 2007. Of this amount, €1.6 million concerns the depreciation of the modules put into use. Up to 2007 inclusive, an amount of €52.1 million has been capitalised.

Depreciation and amortisation increased strongly by 79.3% from €20.3 million to €36.4 million. This increase was largely the result of the amortisation of intangible assets due to the acquisition of Kempen & Co N.V.. This involved an amount of €13.6 million in 2007. For 2008, this amount will be €10.9 million.

The item impairments amounted to €0.1 on balance (2006: €2.9 million). For many years now, the Bank has pursued a conservative loan approval policy that has produced an extremely healthy loan portfolio. Loans written off totalled €17.0 million in 2007 (13 basis points of risk-weighted assets). The percentage of non-performing loans covered by the provision for impairments is 138.6% (year-end 2006: 138.3%).

Income tax on operating profit for 2007 amounted to €43.8 million. This corresponds with a tax burden of 17.5%. The tax burden was 17.7% in 2006.

The efficiency ratio i.e. the ratio of operating expenses to income from operating activities, rose to 64.0% from 56.8% in 2006. This is inclusive of the amortisation of intangible assets arising on the acquisition of Kempen & Co. Excluding this amortisation, the efficiency ratio was 61.9%.

The item discontinued operations relates to the net profit of Van Lanschot Assurantiën up to and including 30 November 2007. Compared with the previous year, Van Lanschot Assurantiën's net profit declined by 20.0% from €6.5 million to €5.2 million. This decline can fully be attributed to lower commission income. In 2006, commission income was boosted by one-off prior-year income items resulting from new rules for the disclosure of commission by intermediaries. In addition, the item discontinued operations contains the gain on the sale of Van Lanschot Assurantiën of €20.8 million.

Earnings per share for 2007 amounted to €5.94, an 8.4% increase on 2006 (€5.48). Compared with 2006, the average number of outstanding ordinary shares rose by 7.9% due to the issue of new shares for the financing of the acquisition of Kempen & Co.

## **Kempen & Co**

The acquisition of Kempen & Co in early 2007 reinforced the Bank's profile as a leading private bank. Kempen & Co's expertise facilitates the shift in focus to the higher segments of the market. The Bank's clients can now benefit from an even wider range of specialised and innovative products and services, in particular in the field of asset management. In 2007, Kempen introduced a number of new specialist funds, including the Kempen Property Hedge Fund, Orange Global High Dividend Fund and Orange European Participations.

Kempen Capital Management is putting itself firmly on the map as an asset manager for Dutch institutional parties. Fiduciary management contracts were concluded with parties such as ZLM Verzekeringen and Stichting Pensioenfonds Randstad in 2007. In addition, under the collaboration agreement with the Bank, De Goudse has commissioned Kempen Capital Management to manage its investment portfolio worth €350 million and Kempen Capital Management will give strategic advice on a portfolio worth €1.5 billion, with effect from 1 January 2008.

## Van Lanschot Chabot

Within the scope of the Bank's strategy, a 51% interest in Van Lanschot Assurantiën was sold to De Goudse on 30 November 2007. The Bank realised a gain of €20.8 million on this transaction. The activities of Van Lanschot Assurantiën will be continued under the name Van Lanschot Chabot. Under the 20-year exclusive distribution agreement with Van Lanschot Chabot, the Bank will continue to offer insurance products to its clients as part of its full-service concept.

## Van Lanschot Belgium

In Belgium, the positive trend continued. The number of target group clients of Van Lanschot Belgium increased by 7.8% in 2007, and the growth in Belgian private clients was 9.4%. The volume of loans and advances declined as a result of higher one-off repayments and a more focused loan target group policy. The gross operating profit was 8.1% higher at €8.0 million. Income from operating activities increased by 4.9% from €30.8 million to €32.3 million. Especially commission income grew 14.7%, while interest income showed a slight decline due to the contracting margin. Operating expenses moved up slightly by 3.9%. As in the Netherlands, Van Lanschot Belgium too is further refining its service model and product offering for high net worth individuals.

## International Private Banking

International Private Banking ('IPB') concentrates on Dutch and Belgian clients who are in need of specific services due to emigration or international business and investment activities. The target group, clients with assets of at least €1 million, is served from Curaçao, Luxembourg and Switzerland.

Operating profit before tax of IPB was up 19.5% from €12.8 million to €15.3 million. The growth in the operating profit before tax compared with 2006 can especially be attributed to the higher interest income of Van Lanschot Luxembourg and higher securities commission of Van Lanschot Switzerland. The 20% increase in assets under management at Van Lanschot Switzerland contributed towards the higher securities commission.

## Assets under management

*In order to ensure the comparability of results, reference is made in this section to the pro forma figures for 2006 as included in the press release annual results 2007 publicly made available on 20 March 2008 (see item h of the 'Documents incorporated by reference')*

The combination of the asset management departments of the Bank and Kempen & Co prompted the redefinition of the concept of 'assets managed and held in custody' into 'assets under management'. The item 'assets under management' represents the assets deposited with the Bank by its clients. The part which is managed by the Bank is included under the item 'assets under discretionary management'. Previously, the Bank used the concept 'assets managed'. 'Assets under discretionary management' also include the Index Guarantee Contracts. The assets under management declined by €1.8 billion in 2007 (-6.0%) from €29.9 billion (pro forma) to €28.1 billion.

In 2007, assets under discretionary management fell by €0.7 billion, from €15.4 billion to €14.7 billion. The net inflow of new funds in assets under discretionary management was €0.2 billion in 2007. This inflow was more than counteracted by a €0.9 billion decline in value as a result of the negative sentiment on the stock exchanges and in the property sector.

Assets under discretionary management for private clients posted an increase of €0.6 billion, from €5.7 billion to €6.3 billion (+10.5%). This increase consists of an inflow of €0.5 billion and an increase in value of €0.1 billion. The inflow was largely caused by the further growth in the Manager of Funds concept and the Index Guarantee Contracts and the introduction of the Private Assets Management concept. Assets under discretionary management for institutions declined by €0.9 billion from €4.9 billion to €4.0 billion. This decline was made up of a net outflow of €0.1 billion and a negative stock exchange performance of €0.8 billion. This decrease in value can be attributed to the negative trend in the property sector. Assets under discretionary management of the in-house funds declined by €



0.4 billion from €4.8 billion to €4.4 billion, due to a net outflow of €0.1 billion as a result of the termination of several in-house funds and a decline of €0.3 billion due to the negative market trend.

Assets under non-discretionary management decreased 7.6%, from €14.5 billion at year-end 2006 to €13.4 billion at year-end 2007. On the one hand, a part was converted into assets under discretionary management, and on the other hand, clients started to hold a larger part of their assets in the form of liquidity, in particular deposits.

### **Balance sheet**

Total assets at 31 December 2007 came to €21.7 billion (31 December 2006: €18.7 billion). This increase can be attributed to the acquisition of Kempen & Co, which was partly financed by a share issue, as well as a solid growth in the public and private sector liabilities. This last item increased strongly (+27.9%) thanks to the focus on attracting savings and deposits from target group clients. Total loans and advances rose 8.5% from €14.7 billion to €16.0 billion.

The Bank's funding ratio (the ratio of public and private sector liabilities to total loans and advances to the public and private sectors) was 91.2% at the end of December 2007. At year-end 2006, this ratio was 77.4%. Shareholders' funds totalled climbed from €1.4 billion at 31 December 2006 to €1.7 billion at 31 December 2007. This increase can be attributed to the retained earnings and the issue of new shares in connection with the acquisition of Kempen & Co.

### **Investing in providing even better services**

The Bank continues to invest in its services. Education and training of staff is essential in this context. The acquisition of Kempen & Co on 2 January 2007 on the one hand and the transfer of Assurantiën staff to Van Lanschot Chabot on the other, resulted in an increase in the number of employees from 2,370 at year-end 2006 to 2,461 at year-end 2007. In order to further promote growth in private banking, the Bank has launched an intensive recruitment campaign for new highly qualified relationship managers.

Good progress was made on modifying the systems in order to enhance the Bank's service offerings to clients. The upgrading of the Bank's IT environment reached three important milestones in 2007. In the autumn, the Customer Relationship Management system was successfully implemented at all offices. Furthermore, the new online banking application went live, allowing the Bank's clients to conduct their banking affairs even more efficiently. The new information management systems were also implemented, with which the Bank was able to meet the new reporting requirements under Basel II well on time. Within the scope of this IT project, €4.6 million was charged to profit in 2007. To date, a total amount of €52.1 million has been capitalised. On 1 December 2008 the Bank announced that a depreciation on the IT projects as a result of IFRS or around €17.5 million before tax will be recognised in 2008. The Bank is in the process of analysing where improvements can be made in the programme to replace the core banking systems. The results of the analysis to date indicate that the majority of the modules will be implemented in 2009. However, under IFRS accounting rules an additional charge has to be taken in 2008 of approximately €17.5 million before tax as an impairment on the capitalised investments.

### **Financial ratios**

Return on average shareholders' funds for 2007 declined from 17.4% to 16.9%. This decline resulted from the issue of shares in order to finance the acquisition of Kempen & Co. This means that the increase in shareholders' funds was relatively higher than the increase in net profit, which had a negative impact on the return on average shareholders' funds.

The BIS total capital ratio dropped from 13.7% to 12.0% and is now below the target of 12.5%. This decline was mainly caused by an increase in the risk-weighted assets compared with a qualifying capital which stayed more or less stable. Capital grew during the reporting period thanks to the capital increase by virtue of the acquisition of Kempen & Co, revaluations and the net profit for the current year. For the calculation of the solvency ratios, deductions are made for goodwill paid (an amount of €169.7 million), as well as the capitalised intangible assets in

connection with the acquisition. As a result, the qualifying capital remained more or less unchanged. The risk-weighted assets rose by €1.9 billion to €13.6 billion.

### **Securitisation**

In June 2007, the Bank securitised a home mortgages portfolio of €1.5 billion under the name Citadel 2007-I. The bonds issued by Citadel 2007-I were purchased by the Bank and can be used as collateral with the European Central Bank and Euroclear. This transaction does not have any impact on the BIS ratios, but it does enlarge the Bank's potential liquidity position.

### **Dividend**

The annual dividend to be distributed is determined based on the amount available to shareholders. This represents the net profit for the year, adjusted for the interest on perpetual loans and the amortisation of acquired surplus. The Bank aims to distribute between 40% and 50% of the amount available to shareholders. Earnings per share for the year 2007 amounted to €5.94, an 8.4% increase on 2006 (€5.48). Compared with 2006, the average number of outstanding ordinary shares rose by 7.9% due to the issue of new shares for the financing of the acquisition of Kempen & Co. Earnings per share available to shareholders amounted to €6.04, compared with €5.68 in 2006. The proposal to the Annual General Meeting of Shareholders (AGM) for a dividend of €3.00 per share to be distributed for 2007 has been adopted in the AGM of 8 May 2008. This corresponds with a pay-out ratio of 49.7% relative to the earnings per share available to shareholders. The dividend has been paid and distributed in cash.

### **The Bank in 2008**

The Bank is weathering the current crisis well. The Bank's capital base is solid, with a Tier I ratio of 8.8% which is more than twice the minimum requirement of 4%. The Bank's funding position improved further thanks to the inflow of deposits of private clients. The funding ratio (the extent to which the Bank's total loans and advances are financed by funds entrusted by clients) climbed further from 91.2% at year-end 2007 to 95.4% at 30 June 2008. In December, the rating agencies Standard & Poor's and Fitch reconfirmed the Bank's credit ratings (A, stable outlook). Thanks to its comfortable liquidity position, the Bank made early and scheduled repayments of Floating Rate Notes for an amount of €1 billion in the first half of the year.

The Bank does not have any direct or indirect investments in the subprime sector or risky investments such as CDOs and SIVs. However, the credit crunch led to a crisis of confidence among investors, leading to a 29% decline in commission income on the previous year. In the first half of 2008, investors conducted over 15% fewer securities transactions than in the first half of 2007, with the average size of the transactions being 40% lower also. In addition, falling share prices resulted in lower management fees. On 30 June 2008, the AEX index stood at a level of 426, compared with 548 on 30 June 2007.

Competition on savings accounts and deposits became more intense in the first half of the year. Despite this, the Bank experienced an inflow of funds entrusted, thanks to new clients and clients' conversions of investments into liquidities. Savings accounts and deposits of private clients were up 24% from €7.1 billion at year-end 2007 to €8.8 billion at the end of June 2008. The interest margin fell in the first half of 2008 from 1.37% to 1.34%, due to the higher credit interest rates coupled with slowly rising debit interest rates. On balance, the higher volumes were still good for an 11% increase in interest income.

### **Results in the first half of 2008**

A net profit of €60.2 million was recorded for the first half of 2008, representing a 41% decline compared with the same period of 2007 (€101.6 million). Based on continuing operations, the decrease was 39%. In the first half of 2007, Van Lanschot Assurantien's net profit of €2.3 million was reported as 'discontinued operations'. Earnings per ordinary share were €1.58 for the first half of 2008, which is 44% lower than in the corresponding period in 2007 (€2.80). Income from operating activities dropped €52.4 million (16%), from €335.4 million in the first half of 2007

to €283.0 million in the same period in 2008, due to declining commission income and lower profit on financial transactions. Interest income and income from securities and associates posted an increase.

Commission income shrank considerably (29%) from €159.0 million in the first six months of 2007 to €113.0 million in the same period of 2008, which is fully attributable to the lower securities commission. The bearish sentiment on the stock exchanges produced a sharp decrease in the level of investor activity, causing a drop in transaction commission. Furthermore, the falling share prices adversely affected management fees. On balance, securities commission went down by 36% from €136.4 million in the first half of 2007 to €86.7 million in the first half of 2008. In the first half of 2007, securities commission included €10 million in performance fees, generated by several inhouse funds which performed extremely well compared with the benchmark defined in the prospectus. Other commission income (commission on payment transactions and other commission) rose 17% from €22.5 million to €26.4 million, which is attributable to the higher success fees at Corporate Finance. Interest income grew 11% from €131.5 million to €146.3 million due to the positive trend of the underlying volumes and a decline in the interest margin from 1.37% at year-end 2007 to 1.34% by mid 2008. Penalty interest received on account of the early repayment of loans was €1.1 million in the first half of 2008, representing a €1.5 million decline on the first half of 2007, which was brought about by the further rising interest rates. The amortisation of acquired surplus (resulting from the acquisition of CenE Bankiers) totalled €0.4 million in the first half of 2008 and €2.2 million in the first half of 2007. Private client savings accounts and deposits climbed 24% (a €1.7 billion increase) to €8.8 billion. New clients start by transferring liquidity and existing clients currently prefer to hold a larger part of their assets in the form of liquidity. Loans (mainly mortgage loans) granted to private clients diminished by €0.1 billion to €9.5 billion. In the corporate clients segment, deposits were up €0.2 billion (11%) to €2.0 billion and the volume of corporate loans grew €0.7 billion to €5.3 billion.

Income from securities and associates grew 16% compared with the first half of 2007, from €14.8 million to €17.1 million. This amount includes €4.5 million for the gain on the sale of available-for-sale investments (H1 2007: €5.8 million), €13.5 million in dividend payments (H1 2007: €7.0 million) and a negative revaluation result of €0.9 million (H1 2007: €2.0 million positive). Income from securities and associates also comprises 49% of the net profit of Van Lanschot Chabot for the first half of 2008 (€0.2 million).

Profit on financial transactions was down €23.5 million, dropping 78.1% from €30.1 million in the first half of 2007 to €6.6 million in the corresponding period of 2008. This item contains the realised and unrealised value changes on the trading portfolio, foreign exchange differences and realised and unrealised gains and losses on derivatives. Profit on financial transactions is volatile in nature and depends on the interest rate trend, the sentiment on the stock exchanges and exchange rate movements.

In the first six months of 2008, operating expenses decreased 4% in the first half of 2008 compared with the corresponding period of 2007, from €212.5 million to €203.9 million, thanks to declining staff costs and depreciation and amortisation, while the other administrative expenses posted an increase. Staff costs were 11% lower (from €129.4 million to €115.5 million) which can be attributed to lower provisions for healthcare costs and pensions. Compared with the corresponding period in 2007, the number of employees increased 2% to 2,493 employees at 30 June 2008. Further investments were made in high-quality training and education courses. About 100 employees for instance completed an executive programme at INSEAD, which was tailor-made for the Bank.

Other administrative expenses increased 13% from €64.0 million to €72.4 million largely due to the rise in IT costs in connection with external staff hired. A major part of the external staff was hired specifically for the IT project. Within the scope of this IT project, €3.5 million was charged to profit in the first half of 2008, of which €1.5 million concerns, as planned, the depreciation of the modules put into use. Investments in marketing and communication also continued, causing an increase in marketing expenses compared with the first half of 2007.

Depreciation and amortisation dropped 16% from €19.1 million to €16.0 million. This drop was largely the result of the amortisation of intangible assets due to the takeover of Kempen & Co N.V.: €8.2 million in H1 2007 against €5.5 million in H1 2008.

The item impairments totalled €6.3 million, while a release of €2.3 million was posted in the first half of 2007. Even though the loans and advances portfolio continues to be of a high quality, an addition was recorded in the first half of 2008, on account of a loan granted to a company that was the victim of fraud. Loans written off totalled €9.1 million in H1 2008, i.e. 6 basis points of risk weighted assets (H1 2007: 5 basis points). The percentage of non-performing loans covered by the provision for impairments was 114.7% (30 June 2007: 146.5%).

Income tax on operating profit for the first half of 2008 was €12.6 million, corresponding with a tax burden of 17.3%, against 20.7% in the first half of 2007.

The efficiency ratio, representing the ratio of operating expenses to income from operating activities, rose to 72.1% from 63.3% in H1 2007. This percentage is inclusive of the amortisation of intangible assets that arose on the acquisition of Kempen & Co. Exclusive of this amortisation, the efficiency ratio was 70.1%.

### **Van Lanschot Belgium**

Van Lanschot Belgium's gross operating profit for the first half of 2008 was down €2.0 million (50%), from €3.9 million in the first half of 2007 to €1.9 million, and income from operating activities decreased as well, by 12% from €15.8 million to €13.9 million. The decrease in funds entrusted and reticence on the part of clients to execute securities transactions led to a 22% decline in commission income. Interest income remained stable. The volume of loans and advances in the first half of 2008 was up 3% from €362 million to €374 million. In this period, savings accounts and deposits were higher as well, posting a 9% increase from €639 million to €695 million. Operating expenses remained nearly stable; they increased slightly (1.0%) to €11.8 million. The number of target group clients of Van Lanschot Belgium increased 3% in the first half of 2008, with the number of Belgian private clients growing by 4%.

### **International Private Banking**

Gross operating profit before tax generated by the International Private Banking activities of the foreign branches of the Bank (Van Lanschot Curaçao, Van Lanschot Luxembourg and Van Lanschot Switzerland) and the representative office in the South of France declined 25% from €7.5 million in the first half of 2007 to €5.6 million in the reporting period, largely as a result of lower securities commission.

### **Assets under management**

The combination of the asset management departments of the Bank and Kempen & Co. has prompted the redefinition of the concept of 'assets managed' into 'assets under management'. Assets under management is a wider definition than the previous term 'assets managed' and gives more insight into the funds entrusted to and managed by the Bank.

Assets under management came to €28.2 billion at the end of June 2008, dropping €1.0 billion compared with year-end 2007.

In the first half of 2008, assets under discretionary management fell by €0.3 billion, from €15.8 billion to €15.5 billion. Net inflow of new funds in assets under discretionary management totalled €1.3 billion in the first half of 2008. This inflow was however absorbed by a €1.6 billion negative market performance due to the gloomy mood on the stock exchanges.

Assets under discretionary management for private clients were down €1.0 billion from €6.3 billion to €5.3 billion (-15.9%), as a result of a net outflow of €0.4 billion and a €0.6 billion negative market performance. Assets under discretionary management for institutions increased €0.9 billion from €4.9 billion to €5.8 billion. The net inflow was €1.5 billion against a negative market performance of €0.6 billion. Assets under discretionary management of the in-house funds dropped €0.2 billion from €4.6 billion to €4.4 billion, which decline was made up of a €0.2 billion net inflow and a €0.4 billion negative market performance.

Assets under non-discretionary management dropped 5.2% from €13.4 billion at year-end 2007 to €12.7 billion at the end of June 2008, because clients currently prefer to hold a larger part of their assets in the form of liquidity, in particular deposits.

## **Risk management**

### *Credit risk*

The Bank's policy on lending risks revolves primarily around the counterparty risks associated with lending to private banking and business banking clients. In addition, the counterparty risks associated with its cash management, payment transactions, investment activities, etc. are also addressed. On account of the credit crisis, more than usual attention was devoted to these additional areas in the first half of 2008. Limits on major counterparties were reviewed extremely frequently and in a large number of cases it was decided to reduce limits and spread risks further. The Bank's loan acceptance policy is directed at maintaining the high quality of its loans portfolio. The non-retail loans and advances portfolio is given a rating based on certain rating models. For the first half of 2008, the quality of the loans and advances portfolio remained at a stable level.

### *Basel II Foundation IRB*

Within the Bank, further efforts were made in 2008 towards making the Bank FIRB-compliant. The Bank currently applies the standardized approach (SA) for the determination of the minimum capital adequacy requirements. The Bank strives to make the transition in the future to the more sophisticated Foundation Internal Ratings Based approach (FIRB). Van Lanschot intends to convert to the FIRB approach in several years' time. The non-retail rating models are structurally used in the process and are also applied as input to fix the pricing of loans and advances to corporate clients. The Bank is presently working on further completing and validating the models. The first segmentations of the retail portfolio have taken place in the meantime. An analysis has demonstrated that the models developed have a good predictive ability. Based on these first segmentations and analyses, estimates were also made of the impact on the required capital of the Bank's transition to an FIRB approach. In line with the first estimates (the Bank has a history of low write-offs on its loans and advances portfolio), the transition to FIRB will trigger a substantial decline in the capital required for the Bank's credit risks. In particular, a considerably lower amount of capital is expected to be required for the Bank's mortgage loans portfolio.

### *Operational risk*

The Bank's incident database allows losses from operational risks to be recorded and analysed systematically. In the first half of 2008, 223 incidents with a loss exceeding €1,000 were recorded in the central database (for the full year 2007: 398 incidents).

### *Market risk*

The Bank holds trading portfolios mainly for the required market-making purposes and more particularly for the services to its clients. The average VAR for the first half of 2008 was €122,000, hardly deviating from the figure for the entire year 2007 (€125,000), despite the turbulence on the stock markets during this period. The highest in 2007 was €543,000 and this was €570,000 in the first half of 2008.

### *Interest rate risk*

The Bank has various methods for managing interest rate risks including gap analysis, duration analysis and scenario analysis. In this way, the Bank actively manages its balance sheet to limit the potential negative effect of interest rate risks.

### *Liquidity risk*

The Bank pursues a cautious policy on liquidity risks. The minimum liquidity position of the Bank is sufficient to absorb any unexpected fluctuations in its cash position. Adherence to this minimum position ensures where possible that the Bank maintains a substantial liquidity surplus that meets the standards set by the Dutch Central Bank. With a funding ratio of 98%, the current liquidity surplus is of course comfortably above the internal and external requirements.

### **Investing in future growth**

The Bank continues to invest both in its people and its systems. The employment market currently offers increased opportunities, which allowed the Bank to hire tens of experienced private bankers in the first half of 2008. The Bank now has approximately 475 private bankers offering high-quality services to the Bank's growing client portfolio. In the first half year, approximately 100 employees completed an executive programme at INSEAD, which was tailor-made for the Bank. In addition, the education and training programme for all staff was stepped up. In terms of IT, the focus in 2008 is, as planned, on the replacement of the core banking systems. The new applications are currently being tested, in order that they can be put into use in 2009. The Bank is not satisfied with the progress and are analysing where improvements can be made. On 1 December 2008 the Bank announced that a depreciation on the IT project as a result of IFRS of around €17.5 million before tax will be recognised in 2008. The Bank is in the process of analysing where improvements can be made in the programme to replace the core banking systems. The results of the analysis to date indicate that the majority of the modules will be implemented in 2009. However, under IFRS accounting rules an additional charge has to be taken in 2008 of approximately €17.5 million before tax as an impairment on the capitalised investments. The Bank's intention to partially contract out the IT activities, as announced previously, is expected to take effect in the second half of the year. Despite these further investments, operating expenses for this half year were 4% below the level in the same period of 2007.

### **Financial Ratios**

Total assets at 30 June 2008 came to €21.8 billion, against €21.7 billion at 31 December 2007. Total loans and advances were up 4% from €16.0 billion to €16.7 billion. The Bank's funding ratio (the ratio of public and private sector liabilities to total loans and advances to the public and private sectors) grew from 91.2% at the end of December 2007 to 95.4% at 30 June 2008. Return on average shareholders' funds declined from 16.9% at year-end 2007 to 8.2%, which decline was attributable to the lower net profit and more or less stable shareholders' funds. The BIS total capital ratio dropped from 11.8% to 11.3% due to an increase in risk-weighted assets and a decrease in qualifying capital. The 11.3% BIS ratio is well above the standard set by the regulators. Risk-weighted assets rose €0.5 billion from €13.8 billion at the end of 2007 to €14.3 billion at 30 June 2008. In the first six months of 2008 the qualifying capital declined since less lower Tier 2 capital could be allocated to the qualifying capital under the notional phase-out arrangement.

On December 1 2008, the Bank announced its plans to issue €150 million of preference shares to a select group of investors. This will lead to a pro forma Tier I capital ratio as at 31 October 2008 of 10.1% post transaction (9.0% pre-transaction) and a pro forma BIS total capital ratio of 12.9% (11.8% pre-transaction). The Core Tier I ratio will remain unchanged at 6.8%. Despite the current turmoil on the financial markets the Bank's fundamentals remain solid and will be further strengthened by the capital increase. Following the planned issue of preference shares, the Bank's capital ratios will comply with the new market levels set by the recent capital raisings of several banks to improve their capital ratios in response to deteriorating market conditions. The Bank aims to implement the FIRB approach under Basel II as from January 2010, which will have a further positive impact on all the capital ratios, including the Core Tier I ratio.

The issue of preference shares will take place through a private placement with institutional and private investors. There was extensive interest for these shares from both new and existing shareholders and the issue was substantially oversubscribed. To effect the issue of preference shares, the Bank's Articles of Association have to be amended. For this purpose, an Extraordinary General Meeting of Shareholders was held on 17 December 2008. Payment and delivery of the preference shares has taken place on 29 December 2008.

### **Outlook**

The Bank continues to invest substantially in its private banking activities. Its strategy is based on the long-term trends, i.e. increasing level of prosperity, population ageing and more and more individual responsibility for the old age provision. In addition, many business transfers will take place in the coming years. Current market circumstances are extremely difficult and the Bank therefore expects that the second six months of 2008, as in the first half of the year, will see a decline in revenue. The Bank still does not see any signs of the private investors' confidence returning, which will lead to a low level of securities commission in the second half of the year as well. It expects the competitive battle for savings accounts to become even fiercer, putting continued pressure on the margin. The Bank does not expect a sharp rise in impairments. In addition, it expects the increased market rates of interest to be gradually reflected in the debit rates, possibly triggering higher interest income levels in the second half of the year than in the first half of the year. On 1 December 2008, the Bank announced that falling equity markets lead to losses on the sale of shares in the investment portfolio of approximately €50 million before tax. The Bank's available-for-sale investment portfolio amounted to €920 million at 31 October 2008. This portfolio consists of government paper, other Triple and Double A-rated bonds, and equities (a breakdown of the investment portfolio is given in appendix 1 to this press release). As mentioned previously, the Bank has no direct or indirect investments in the subprime sector, CDOs, SIVs and Alt-A RMBS or other complex financial instruments. As a consequence of market developments, the bank has to take a loss on the sale of the listed shares in this portfolio for an amount of approximately €50 million before tax.

CONSOLIDATED BALANCE SHEET  
at 30 June 2008

<i>In thousands of euros</i>	30-6-2008 Unaudited	31-12-2007	30-6-2007 Unaudited	31-12-2006
<b>ASSETS</b>				
Cash and cash equivalents	258.798	525.480	349.806	84.770
Financial receivables from trading activities	147.094	83.666	179.097	104.845
Banks	2.370.367	2.884.995	2.721.730	1.821.451
Investments	938.782	839.512	915.784	922.445
Loans and advances to the public and private sectors	16.703.039	16.006.235	15.811.224	14.746.139
Financial assets at fair value through profit or loss	63.037	63.468	66.070	63.671
Derivatives	383.110	471.872	548.249	432.600
Investments in associates using the equity method	9.732	9.496	14.351	12.248
Property, plant and equipment	191.963	195.268	190.972	186.369
Goodwill and other intangible assets	388.045	379.318	377.074	89.467
Assets of operations held for sale	-	-	13.885	-
Current tax assets	39.736	2.287	8.193	9.309
Deferred tax assets	7.117	7.120	14.901	16.926
Prepayments and accrued income	216.288	211.450	174.131	142.489
Other assets	50.845	38.667	20.971	106.546
<b>TOTAL ASSETS</b>	<b>21.767.953</b>	<b>21.718.834</b>	<b>21.406.438</b>	<b>18.739.275</b>
	30-6-2008 Unaudited	31-12-2007	30-6-2007 Unaudited	31-12-2006
<b>EQUITY AND LIABILITIES</b>				
Financial liabilities from trading activities	88.347	35.583	81.493	41.214
Banks	827.854	904.407	1.255.645	831.543
Public and private sectors liabilities	15.940.802	14.596.804	13.460.464	11.412.890
Financial liabilities at fair value through profit or loss	18.524	18.243	6.089	3.535
Derivatives	268.209	387.643	454.524	372.099
Issued debt securities	1.916.016	3.015.960	3.518.841	3.781.413
Subordinated loans	441.931	465.451	472.978	476.693
Provisions	26.315	34.910	31.853	36.341
Current tax liabilities	9.907	2.933	21.058	46.342
Deferred tax liabilities	49.088	55.754	44.091	17.705
Liabilities of operations held for sale	-	-	29.431	-
Accruals and deferred income	495.661	450.018	400.602	338.152
Other liabilities	54.085	64.529	15.989	13.981
	20.136.739	20.032.235	19.793.058	17.371.908
Share capital	35.183	34.921	34.884	32.411
Repurchased shares	(23.965)	(27.833)	(27.897)	(28.228)
Share premium	315.121	310.217	308.862	135.763
Reserves	937.731	844.808	888.426	730.126
Undistributed profit attributable to shareholders of Van Lanschot NV	54.744	204.608	96.354	174.756
Shareholders' funds attributable to shareholders of Van Lanschot NV	1.318.814	1.366.721	1.300.629	1.044.828
Minority interest (perpetual loans)	305.193	307.393	307.491	312.807
Undistributed profit attributable to minority interests (holders of perpetual loans)	5.462	10.740	5.260	9.732
Other minority interests	1.745	1.724	-	-
Undistributed profit attributable to other minority interests	-	21	-	-
Shareholders' funds attributable to minority interests	312.400	319.878	312.751	322.539
Shareholders' funds	1.631.214	1.686.599	1.613.380	1.367.367
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21.767.953</b>	<b>21.718.834</b>	<b>21.406.438</b>	<b>18.739.275</b>
Contingent liabilities	467.269	435.717	410.560	467.372
Irrevocable commitments	707.303	337.607	1.238.217	782.744
	1.174.572	773.324	1.648.777	1.250.116

Unaudited; these figures have been derived from the 2007 and 2006 annual report of Van Lanschot N.V. and from the first half year figures 2008 and 2007.



CONSOLIDATED INCOME STATEMENT  
at 30 June 2008

<i>In thousands of euros</i>	H1 2008 Unaudited	2007	H1 2007 Unaudited	2006
<b>INCOME FROM OPERATING ACTIVITIES</b>				
Interest income	625.657	1.244.604	603.066	961.058
Interest expense	479.354	968.244	471.568	701.300
Interest	146.303	276.360	131.498	259.758
Income from associates using the equity method	237	3.694	2.403	(1.524)
Other income from securities and associates	16.831	23.795	12.447	46.622
Income from securities and associates	17.068	27.489	14.850	45.098
Commission income	118.171	308.960	166.039	173.235
Commission expense	5.115	13.572	7.050	13.851
Commission	113.056	295.388	158.989	159.384
Profit on financial transactions	6.582	48.759	30.073	39.733
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>283.009</b>	<b>647.996</b>	<b>335.410</b>	<b>503.973</b>
<b>EXPENSES</b>				
Staff costs	115.475	248.573	129.369	168.753
Other administrative expenses	72.383	129.762	64.059	99.566
Staff costs and other administrative expenses	187.858	378.335	193.428	268.319
Depreciation and amortisation	16.057	36.411	19.098	18.114
<b>Operating expenses</b>	<b>203.915</b>	<b>414.746</b>	<b>212.526</b>	<b>286.433</b>
Impairments	6.254	71	(2.328)	2.873
<b>TOTAL EXPENSES</b>	<b>210.169</b>	<b>414.817</b>	<b>210.198</b>	<b>289.306</b>
<b>Operating profit before tax</b>	<b>72.840</b>	<b>233.179</b>	<b>125.212</b>	<b>214.667</b>
Income tax	12.634	43.828	25.849	36.728
<b>Net profit from continuing operations</b>	<b>60.206</b>	<b>189.351</b>	<b>99.363</b>	<b>177.939</b>
<b>Discontinued operations</b>	<b>-</b>	<b>26.018</b>	<b>2.251</b>	<b>6.549</b>
<b>NET PROFIT</b>	<b>60.206</b>	<b>215.369</b>	<b>101.614</b>	<b>184.488</b>
<b>Of which attributable to shareholders of Van Lanschot NV</b>	<b>54.744</b>	<b>204.608</b>	<b>96.354</b>	<b>174.756</b>
<b>Of which attributable to holders of perpetual loans</b>	<b>5.462</b>	<b>10.740</b>	<b>5.260</b>	<b>9.732</b>
<b>Of which attributable to other minority interests</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>0</b>
<b>Earnings per ordinary share in euros</b>	<b>1,58</b>	<b>5,94</b>	<b>2,80</b>	<b>5,48</b>
<b>Diluted earnings per ordinary share in euros</b>	<b>1,56</b>	<b>5,88</b>	<b>2,77</b>	<b>5,43</b>
<b>Earnings per ordinary share in euros from continuing operations</b>	<b>1,58</b>	<b>5,19</b>	<b>2,73</b>	<b>5,28</b>
<b>Diluted earnings per ordinary share in euros</b>	<b>1,56</b>	<b>5,13</b>	<b>2,71</b>	<b>5,23</b>

Unaudited; these figures have been derived from the 2007 and 2006 annual report of Van Lanschot N.V. and from the first half year figures 2008 and 2007.

# CONSOLIDATED CASH FLOW STATEMENT

<i>In thousands of euros</i>	<b>H1 2008 Unaudited</b>	<b>2007</b>	<b>H1 2007 Unaudited</b>	<b>2006</b>
<b>Net profit before tax</b>	72.840	233.179	125.212	214.667
<b>Cash flow from operating activities</b>				
Adjustments for:				
- Depreciation and amortisation	16.057	36.411	19.098	18.114
- Impairments	6.254	71	(2.328)	2.873
- Income from securities and associates	(17.068)	(27.489)	(14.850)	(45.098)
<b>Cash flows from operating activities</b>	<b>78.083</b>	<b>242.172</b>	<b>127.132</b>	<b>190.556</b>
Net increase/ (decrease) in operating assets and liabilities				
- Movement in financial receivables/liabilities from trading activities	(10.664)	70.787	21.266	47.994
- Movement in financial receivables/liabilities at fair value	712	14.911	3.690	2.414
- Movement in banks	803.723	(1.814.994)	194.963	(292.867)
- Movement in public and private sectors	640.940	1.771.220	832.281	(1.254.100)
- Movement in derivatives	(30.672)	(23.728)	(88.787)	36.800
- Movement in provisions	(8.595)	(2.396)	(4.488)	(14.147)
- Movement in other assets and liabilities	(22.622)	99.520	84.326	(15.350)
- Movement in accrued and deferred assets and liabilities	40.805	(2.992)	50.217	34.982
- Movement in deferred tax payable	(6.663)	19.577	133	(6.383)
Total movement in assets and liabilities	1.406.964	131.905	1.093.601	(1.460.657)
Income taxes paid	(43.109)	(58.949)	(27.977)	(16.947)
<b>Net cash from operating activities</b>	<b>1.441.938</b>	<b>315.128</b>	<b>1.192.756</b>	<b>(1.287.048)</b>
<b>Cash flows from discontinued operations</b>	<b>-</b>	<b>27.923</b>	<b>3.382</b>	<b>9.406</b>
<b>Cash flows from investing activities</b>				
Investments and acquisitions				
- Investments in capital instruments	(79.472)	(3.016)	(1.208)	(139.099)
- Investments in shares	(131.022)	(31.579)	(34.611)	-
- Investments in group companies ( exclusive of cash acquired)	-	(178.021)	(178.021)	-
- Investments in associates	(236)	(4.217)	(1.441)	-
- Property, plant and equipment	(6.053)	(29.695)	(19.643)	(17.725)
- Intangible assets	(15.658)	(31.663)	(6.985)	(33.482)
Divestments, repayments and disposals				
- Investments in capital instruments	619	82.968	27.422	522.263
- Investments in shares	110.605	36.143	15.058	-
- Investments in group companies ( exclusive of cash acquired)	-	3.140	-	-
- Investments in associates	-	7.631	-	1.766
- Property, plant and equipment	232	13.205	6.821	3.656
- Intangible assets	-	7.171	(3.402)	-
Share of profit of associates/shareholdings and investment portfolio shares	13.515	11.186	7.088	14.963
Dividends received from associates and shareholdings	3.553	16.303	7.762	30.135
<b>Net cash from investing activities</b>	<b>(103.917)</b>	<b>(100.444)</b>	<b>(181.160)</b>	<b>382.477</b>
<b>Cash flows from financing activities</b>				
Increase in share capital	5.166	40.180	38.749	39
Share option plan	(14.094)	20.175	68.925	464
Other reserves	(2.200)	5.159	(5.316)	(17.023)
Minority interests	21	(5.414)	-	(138)
Perpetual loans	-	1.724	-	-
Additions to subordinated loans	-	-	-	1.017
Repayments on subordinated loans	(23.520)	(11.242)	(3.715)	(12.904)
Additions to debt securities	-	150.000	-	1.452.785
Repayments on debt securities	(1.099.944)	(915.453)	(266.107)	(865.652)
Dividends paid	(104.484)	(94.745)	(94.743)	(79.773)
<b>Net cash from financing activities</b>	<b>(1.239.055)</b>	<b>(809.616)</b>	<b>(262.207)</b>	<b>478.815</b>
<b>Net increase in cash and cash equivalents</b>	<b>98.966</b>	<b>(567.009)</b>	<b>752.771</b>	<b>(416.350)</b>
Cash and cash equivalents at 1 January	444.803	1.011.812	1.011.812	1.428.162
Cash and cash equivalents at 30 June	543.769	444.803	1.764.584	1.011.812
Additional disclosure				
Cash flows from interest income	635.420	1.218.347	596.875	957.523
Cash flows from interest expense	445.257	879.722	439.019	613.444

Unaudited; these figures have been derived from the 2007 and 2006 annual report of Van Lanschot N.V. and from the first half year figures 2008 and 2007.

## NETHERLANDS TAXATION

*The following is a summary of the Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a Noteholder or prospective Noteholder. In view of its general nature, it should be treated with corresponding caution. Noteholders should consult with their tax advisers with regard to the tax consequences of investing in the Notes.*

*Except as otherwise indicated, this summary only addresses Netherlands tax legislation, as in effect and in force at the date hereof, as interpreted in published case law, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.*

### **Withholding tax**

All payments made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Notes are not re-characterized as equity for tax purposes.

### **Taxes on income and capital gains**

This paragraph does not describe the Netherlands tax consequences of the acquisition, holding and disposal of the Notes if:

- (a) a Noteholder or, in the event the Noteholder is an individual, individuals related to such Noteholder (statutorily defined term) and certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest or deemed substantial interest (statutorily defined terms) in the Issuer; or
- (b) in the event a Noteholder is an individual, the Issuer makes (part of) the proceeds of the Notes, de iure or de facto, directly or indirectly, available to an entity or enterprise in which such Noteholder or any other individual mentioned under paragraph (a) above has an interest.

Generally speaking, a Noteholder is considered to hold a substantial interest in a company, if such Noteholder, alone or, in case of individuals, together with his/her partner (a statutorily defined term), directly or indirectly, holds an interest of 5 percent or more of the total issued and outstanding capital of that company or of 5 percent or more of the issued and outstanding capital of a certain class of shares of that company; or holds rights to acquire, directly or indirectly, such interest; or holds certain profit sharing rights in that company that relate to 5 percent or more of the company's annual profits and/or to 5 percent or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) has been disposed of, or is deemed to have been disposed of, on a non-recognition basis.

### *Residents of the Netherlands*

If the Noteholder is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is subject to a 25.5 percent corporate income tax rate (a corporate income tax rate of 20 percent applies with respect to taxable profits up to €40,000 and a corporate income tax rate of 23.0 percent applies with respect to taxable profits from €40,000 up to €200,000, the first two brackets for 2008).

A Netherlands qualifying pension fund and a Netherlands qualifying tax exempt investment fund ("*vrijgestelde beleggingsinstelling*") are in principle not subject to Netherlands corporate income tax. A Netherlands qualifying investment fund ("*fiscale beleggingsinstelling*") is subject to corporate income tax at a special rate of zero percent.

If a Noteholder is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax

purposes (including the non-resident individual Noteholder who has made an election for the application of the rules of the Dutch income tax act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52 percent), if:

- (a) the Notes are attributable to an enterprise from which the Noteholder derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise, without being a shareholder, as defined in the Dutch income tax act 2001; or
- (b) the Noteholder is considered to perform activities with respect to the Notes that exceed ordinary active asset management ("*normaal vermogensbeheer*") or derives benefits from the notes that are (otherwise) taxable as benefits from other activities ("*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (a) or (b) do not apply to the individual Noteholder, such Noteholder will be taxed annually on a deemed income of 4 percent of his or her net investment assets for the year at an income tax rate of 30 percent. The net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the investment assets less the allowable liabilities at the end of that year. The Notes are included as investment assets. A tax free allowance may be available. Actual benefits derived from the Notes are as such not subject to Dutch tax.

#### *Non-residents of the Netherlands*

A Noteholder will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal or deemed disposal of the Notes, provided that:

- (a) such Noteholder is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of the Dutch income tax act 2001 as they apply to residents of the Netherlands; and
- (b) such Noteholder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in the Netherlands other than by way of securities or through an employment contract and to which enterprise the Notes are attributable or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Notes are attributable; and
- (c) in the event the Noteholder is an individual, such Noteholder does not carry out any activities in the Netherlands that go beyond ordinary active asset management.

A Noteholder will not become subject to Netherlands taxation on income or capital gains by reason only of the acquisition of the Notes or the performance by the Issuer of its obligations thereunder.

#### **Gift and estate taxes**

##### *Residents of the Netherlands*

Gift, estate or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or the death of a Noteholder who is resident or deemed resident of the Netherlands at the time of the gift or his or her death.

##### *Non-residents of the Netherlands*

No Netherlands gift, estate or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of a Noteholder who is neither resident nor deemed to be resident in the Netherlands, unless:

- (a) such Noteholder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that, in whole or in part, is or was carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Notes are or were attributable; or
- (b) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or
- (c) the Notes are or were attributable to the assets of an enterprise that is or was effectively managed in the Netherlands and the donor is or the deceased was entitled, other than by way of securities or through an employment contract, to a share in the profits of that enterprise, at the time of the gift or at the time of his death.

For purposes of Netherlands gift, estate and inheritance taxes, a person that holds the Netherlands nationality will, amongst others, be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. Additionally, for purposes of Netherlands gift tax, a person not holding the Netherlands nationality will, amongst others, be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands. Applicable tax treaties may override deemed residency. Furthermore, an individual will be deemed to be resident in the Netherlands if, under specific circumstances, a valid election is made for treatment as such.

#### **Turnover tax**

No Netherlands turnover tax will arise in respect of any payment in consideration for the issue of the Notes or with respect to any payment by the Issuer of principal, interest or premium (if any) on the Notes.

#### **Other Taxes and Duties**

No Netherlands registration tax, stamp duty or other similar documentary tax or duty or capital tax, other than court fees, will be payable in the Netherlands by the Noteholders in respect of or in connection with the issue of the Notes or the performance of the Issuer's obligations under the Notes.

## **EUROPEAN COUNCIL DIRECTIVE 2003/48/EC ON THE TAXATION OF SAVINGS INCOME**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the EU Savings Directive), each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitoral withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

## BELGIUM TAXATION

*The following information is general in nature with respect to the tax treatment of Notes. It does not constitute tax advice and does not purport to describe all tax considerations or consequences that may be relevant to a Noteholder or prospective Noteholder with respect to an investment in the Notes. In certain cases, other rules may apply. Moreover, the tax laws and their interpretation are liable to change at any time. Potential investors who would like complete information about the tax consequences in Belgium of the acquisition, holding and assignment of the Notes should consult their regular financial and tax advisors.*

*Except as otherwise indicated, this summary only addresses Belgian tax legislation, as in effect and in force at the date hereof, as interpreted in published case law, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. Taking into account that the Issuer is a resident of the Netherlands, please refer to the section 'Netherlands Taxation' for a summary of Dutch taxation rules that may apply to non-Dutch investors.*

### (i) **Tax rules applicable to individuals**

Individuals Noteholders resident in Belgium for tax purposes are, in principle, subject to personal income tax in Belgium ("*impôt des personnes physiques / personenbelasting*") and will, in principle, be subject to the tax treatment described below insofar as the Notes are concerned. Other rules may apply in specific situations, in particular if an individual holds the Notes in the context of a professional activity or if the investment in the Notes falls outside the scope of normal wealth management.

**Profits realised upon Maturity** (or early redemption) of the Notes should be considered as interest. Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 15% withholding tax in Belgium (computed on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for individuals. However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 15% (plus communal surcharges).

If the interest is received through a foreign paying agent within the meaning of the **Savings Directive** and such agent levied the Home State Tax (*i.e.*, a taxation at source) (see paragraph (v) below), such Home State Tax does not relieve the Belgian individual from declaring the interest income in his personal income tax return. However, the Home State Tax will be imputed to the beneficiary's tax liability. If the Home State Tax exceeds the taxpayer's tax liability, the surplus will be reimbursed provided it is at least €2.50.

**Profits realised on the Notes as a consequence of realisation prior to Maturity** could be considered as either interest or capital gain depending on whether or not the Notes qualify as fixed income securities. According to certain authors, Notes should in principle qualify as fixed income securities if there is a causal link between the amount of return and the detention period of the security. However, even in the absence of a causal link (such as in the event of index linked notes), one could be of the view that the profits still qualify as interest, but that it is impossible to determine the taxable income, due to lack of a causal link. The law defines the taxable income (for profits realized prior to Maturity) as the income *pro rata* the period during which the Noteholder held the Notes. If there is no causal link between the amount or return and the detention period of the security, it is not possible to determine a *pro rata* income. To the extent that the profit qualifies as capital gains, such gains are not taxable in the hands of individuals, unless they fall outside the scope of normal wealth management or the Notes are redeemed by the Issuer. In the latter case, the profit is taxable as interest (as described above). Capital losses are not tax deductible.

(ii) ***Tax rules applicable to corporate investors***

Companies Noteholders resident in Belgium for tax purposes are, in principle, subject to corporate income tax in Belgium ("*impôt des sociétés / vennootschapsbelasting*") and will, in principle, be subject to the tax treatment described below insofar as the Notes are concerned.

***Profits realised upon Maturity*** (or early redemption) of the Notes should be considered as interest. Interest derived by Belgian corporate investors will be subject to Belgian corporate income tax of 33.99%. To the extent that payments of interest on the Notes are made through a paying agent in Belgium, such payments will in principle be subject to a 15% withholding tax in Belgium (computed on the interest received after deduction of any non-Belgian withholding taxes). In certain circumstances, exemption from withholding tax may be available. The withholding tax that has been levied, if any, is creditable against the corporate income tax due subject to certain conditions. In addition, corporate investors may be eligible for a foreign tax credit.

***Profits realised on the Notes as a consequence of realisation prior to Maturity*** could be considered as either interest or capital gain depending on whether or not the Notes qualify as fixed income securities. According to certain authors, Notes should in principle qualify as fixed income securities if there is a causal link between the amount of return and the detention period of the security. However, even in the absence of a causal link (such as in the event of index linked notes), one could be of the view that the profits still qualify as interest, but that it is impossible to determine the taxable profit, due to lack of a causal link. The law defines the taxable income (for profits realized prior to Maturity) as the income *pro rata* the period during which the Noteholder held the Notes. If there is no causal link between the amount or return and the detention period of the security, it is not possible to determine a *pro rata* income. To the extent that the profit qualifies as capital gains, such gains realised by Belgian corporate investors will be subject to Belgian corporate income tax of 33.99%. Capital losses are in principle tax deductible.

(iii) ***Tax rules applicable to other legal entities***

Legal entities Noteholders resident in Belgium for tax purposes are, in principle, subject to legal entities tax in Belgium ("*impôt des personnes morales / rechtspersonenbelasting*") and will, in principle, be subject in Belgium to the tax treatment described below insofar as the notes are concerned.

***Profits realised upon Maturity*** (or early redemption) of the Notes should be considered as interest. Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 15% withholding tax in Belgium (computed on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for legal entities. However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared by the legal entities themselves in a withholding tax return and withholding tax of 15% must be paid to the Treasury.

***Profits realised on the Notes as a consequence of realisation prior to Maturity*** could be considered as either interest or capital gain depending on whether or not the Notes qualify as fixed income securities. According to certain authors, Notes should in principle qualify as fixed income securities if there is a causal link between the amount of return and the detention period of the security. However, even in the absence of a causal link (such as in the event of index linked notes), one could be of the view that the profits still qualify as interest, but that it is impossible to determine the taxable profit, due to lack of a causal link. The law defines the taxable income (for profits realized prior to Maturity) as the income *pro rata* the period during which the Noteholder held the Notes. If there is no causal link between the amount or return and the detention period of the security, it is not possible to determine a *pro rata* income. To the extent that the profit qualifies as capital gains, such gains are not taxable in the hands of legal entities, unless the Notes are redeemed by the Issuer. In such case, the capital gain is taxable as interest (as described above). Capital losses are not tax deductible.



(iv) ***Tax rules applicable to non-residents***

Noteholders not resident in Belgium for tax purposes are, in principle, subject to non-resident income tax in Belgium ("*impôt des non-résidents / belasting der niet-inwoners*") and will, in principle, be subject to the tax treatment described below insofar as the Notes are concerned.

***Profits realised upon Maturity*** (or early redemption) of the Notes should be considered as interest. Payments of interest on the Notes made through a paying agent in Belgium will, in principle, be subject to a 15% withholding tax in Belgium (computed on the interest received after deduction of any non-Belgian withholding taxes). However, if the non-resident resides in a country with which Belgium has concluded a bilateral tax treaty, a reduction of or exemption from withholding tax can be requested in accordance with the treaty. To the extent that the Issuer does not bear the cost of the interest payments through a Belgian permanent establishment, non-resident investors may also obtain an exemption from Belgian withholding tax on interest from the Notes if the Belgian paying agent is a bank, stock market company or clearing or settlement institution and provided that the Noteholders deliver an affidavit to the paying agent confirming that (i) they are non-residents, (ii) they have not allocated the Notes to business activities in Belgium, and (iii) they are the owners or beneficial owners ("*usufruitier / vruchtgebruiker*") of the Notes.

If the interest is received through a Belgian paying agent within the meaning of the ***Savings Directive*** by an individual who is beneficial owner of the interest payments and resident in another EU Member State or other jurisdiction as defined below, such agent will, in principle, withhold the Home State Tax (*i.e.*, a taxation at source) (see paragraph (v) below) in addition the Belgian withholding tax, if any, and *pro rata* to the period during which the Notes have been held by the beneficial owner of the interest payments. The rate of the Home State Tax is 20%, but will increase to 35% on 1 July 2008 and to 35% on 1 July 2011.

However, no Home State Tax will be applied if the investor provides the Belgian paying agent with a certificate drawn up in his name by the competent authority of his state of residence for tax purposes. The certificate must at least indicate: (i) name, address and tax or other identification number or, in the absence of the latter, the date and place of birth of the beneficial owner, (ii) name and address of the paying agent, and (iii) the account number of the beneficial owner, or where there is none, the identification of the debt instrument that gave rise to the interest payment.

***Profits realised on the Notes as a consequence of realisation prior to Maturity*** could be considered as either interest or capital gain depending on whether or not the Notes qualify as fixed income securities. According to certain authors, such distinction will depend Notes should in principle qualify as fixed income securities if there is a causal link between the amount of return and the detention period of the security. However, even in the absence of a causal link (such as in the event of index linked notes), one could be of the view that the profits still qualify as interest, but that it is impossible to determine the taxable profit, due to lack of a causal link. The law defines the taxable income (for profits realized prior to Maturity) as the income *pro rata* the period during which the Noteholder held the Notes. If there is no causal link between the amount or return and the detention period of the security, it is not possible to determine a *pro rata* income. To the extent that the profit qualifies as capital gains, such gains are not taxable in the hands non-residents, provided they do not allocate the Notes to a professional activity in Belgium.

The non-residents who use the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian residents (see paragraphs (i) to (iii) above). Non-resident Noteholders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form a withholding tax.

(v) ***Savings Directive***

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive on the taxation of savings income in the form of interest payments (hereinafter the "Savings Directive"), which was transposed into Belgian law by the Act of 17 May 2004. The Savings Directive entered into force on 1

July 2005. Pursuant to the directive, paying agents established in an EU Member State must provide that State's competent authority with certain details of the payment of interest to any individual resident in another EU Member State. That competent authority is then required to communicate this information to the competent authority of the EU Member State of which the recipient is a resident for tax purposes.

However, for a transitional period, Belgium, Luxembourg and Austria (and other dependent or non-EU countries (see below)) instead operate a withholding system in relation to such payments. The withholding tax, or Home State Tax ("*prélèvement pour l'Etat de résidence / woonstaathetfing*") as defined in the Belgian implementation of the directive, will be levied on interest payments at a rate of 20%. The tax rate will be increased to 30% after 1 July 2008. The ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. However, the aforementioned EU Member States provide for a procedure allowing recipients of such payments resident in other EU Member States to avoid the withholding tax by authorising their paying agent to report the payment or by presenting a certificate issued by the competent authority of their EU Member State of which the recipient is a resident for tax purposes. If withholding taxes are imposed in accordance with the above, the EU Member State of residence for tax purposes of the recipient of such payments should ensure the elimination of any double taxation which might result from the imposition of this withholding tax. It should do so by crediting this withholding tax up to the amount of tax due in its territory and by reimbursing any excess amount of tax withheld or by granting a refund of the withholding tax.

The territorial scope of the Savings Directive has been extended to Switzerland, Lichtenstein, Andorra, Monaco, San Marino, the Dutch Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, the Cayman Islands, the Government of Anguilla and Turks and Caicos. The agreements with the Government of Anguilla, Aruba, the Cayman Islands, Montserrat and the Dutch Antilles provide for bilateral automatic exchange of information for tax purposes between the contracting States (except the agreement with the Cayman Islands, which information commitments only apply to paying agents established in the Cayman Islands). For a transitional period, all these countries (except the Cayman Islands) apply the withholding tax. The other countries (Switzerland, Lichtenstein, Andorra, Monaco, San Marino, Turks and Caicos, Jersey, the Isle of Man, the British Virgin Islands and Guernsey), have opted to permanently apply the withholding tax on the interests payments made to individuals established in one of the contracting states.

**The above description does not constitute a summary of the tax laws currently in force, which are liable to change and evolve over time. In each case, please consult your tax and financial advisor concerning your individual situation as well as further to any change in the tax laws.**

## SUBSCRIPTION AND SALE

The Dealers have in a programme agreement which has been amended and restated on 5 January 2009 (the '**Programme Agreement**'), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under '*Form of the Notes*' and '*Terms and Conditions of the Notes*' above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, (1) neither it, nor any of its affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts (as such term is defined in Regulation S) with respect to the Notes and that it will comply, and cause its affiliates and each person acting on its behalf to comply, with the offering restriction requirements of Rule 903 of Regulation S ; (2) it will not offer, sell or deliver Notes of any Series (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons; and (3) it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. The Notes (other than any Notes issued with an initial maturity of 365 days or less) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder. Each issue of Index Linked Interest Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree, as indicated in the applicable Final Terms. Each relevant Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a 'Relevant Member State'), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the 'Relevant Implementation Date') it has not made and will not make an offer of Notes which are subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to article 3 (2) of the Prospectus Directive in that Relevant Member State (a 'Non-exempt Offer'), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant

Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, of not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and an annual net turnover of more than €50,000,000, as shown in last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within article 3 (2) of the Prospectus Directive,

provided that no such offer of Notes Referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

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

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Netherlands**

Zero Coupon Notes (as defined below) in definitive form of any Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the relevant Issuer or a member of Euronext Amsterdam N.V. with due observance of the Dutch Savings Certificates Act ("*Wet inzake spaarbewijzen*") of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the issue and trading of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into

the Netherlands in the course of initial distribution or immediately thereafter. As used herein 'Zero Coupon Notes' are Notes that are in bearer form and that constitute a claim for a fixed sum against the relevant Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan ('Law' No. 25 of 1948, as amended; FIEL) and the Dealer will agree and each further Dealer appointed under the Programme will be required to agree that, it will not offer or sell Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organised under the Laws of Japan), or to, or for the benefit of others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws and regulations of Japan.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Notes under the Programme have been duly authorised by a resolution of the Management Board of the Issuer dated 8 April, 2003 and the update of the Programme has been duly authorised by a resolution of the Management Board of the Issuer dated 28 October 2008. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Notes.

### Listing

Application has been made for certain series of Notes to be issued under the Programme to be listed on Euronext Amsterdam and the regulated market of the Luxembourg Stock Exchange. For listing purposes the regulated market of the Luxembourg Stock Exchange has allocated the Programme the number 12844.

A legal notice relating to the Programme as well as the Articles of Association of the Issuer will be lodged with the Registre de Commerce et de Sociétés à Luxembourg where such documents may be examined and copies obtained.

However, Notes may be issued pursuant to the Programme which will not be listed on Euronext Amsterdam or the regulated market of the Luxembourg Stock Exchange or which will be listed on such other stock exchange as the Issuer and the relevant Dealer(s) may agree.

### Documents Available

For the life of the Base Prospectus and for so long as any Notes are outstanding under the Programme, copies of the following documents will, when published, be available free of charge from the registered offices of the Issuer, from the specified office of the Amsterdam Listing Agent and from the specified office of the Luxembourg Listing Agent in Luxembourg:

- (i) an English translation of the Deed of Incorporation and the most recent Articles of Association of the Issuer and Van Lanschot N.V.;
- (ii) the publicly available audited consolidated annual financial statements of Van Lanschot N.V. for the two most recent financial years, and the most recently available published unaudited consolidated interim (semi-annual) financial statements of Van Lanschot N.V. (in English). The Issuer does not publish financial statements;
- (iii) the terms and conditions as set forth on page 21 up to and including 41 of the prospectus of the Issuer relating to the Programme dated 6 May 2004;
- (iv) the terms and conditions as set forth on page 31 up to and including 51 of the prospectus of the Issuer relating to the Programme dated 30 August 2005;
- (v) the terms and conditions as set forth on page 36 up to and including 57 of the prospectus of the Issuer relating to the Programme dated 17 August 2006;
- (vi) the terms and conditions as set forth on page 40 up to and including 61 of the prospectus of the Issuer relating to the Programme dated 23 November 2007;
- (vii) the Programme Agreement and the Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons);

- (viii) a copy of this Base Prospectus;
- (ix) any future Base Prospectuses and supplements to this Base Prospectus and any documents incorporated herein or therein by reference;
- (x) the Final Terms for each Tranche of listed Notes; and
- (xi) the 403-Declaration.

### **Clearing and Settlement Systems**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg or Euroclear Netherlands and Clearnet SA Amsterdam Branch Stock Clearing. The appropriate common code and ISIN for each Tranche allocated by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands and any other relevant security code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The addresses of the clearing systems are: Euroclear, 1 Boulevard de Roi Albert II, 1210 Brussels, Clearstream Luxembourg, 42 Avenue J.F. Kenney, L-1855 Luxembourg and Euroclear Netherlands, Herengracht 459-469, 1017 BS, Amsterdam.

### **Significant Change**

There has been no significant change in the financial or trading position of the Issuer (taken as a whole) or of Van Lanschot N.V., which has occurred since the end of 31 December 2007 for which either audited financial information or interim financial information has been published. Neither has there been a material adverse change in the financial position or prospects of the Issuer (taken as a whole) or of Van Lanschot N.V., since 30 June 2008.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or, as far as the Issuer is aware, threatened) which may have or have had in the 12 months preceding the date of this document a significant effects on the financial position or profitability of the Issuer and/or Van Lanschot N.V.

### **Auditors**

Ernst & Young Accountants has audited, and rendered unqualified audit reports on, the accounts of Van Lanschot N.V. for the three years ended 31st December 2005, 2006 and 2007. Ernst & Young Accountants has given and has not withdrawn its written consent to the issue of this Base Prospectus with its report included herein in the form and context in which it appears. Ernst & Young Accountants is located in Eindhoven at the Prof. Dr. Dorgelolaan 12 (5613 AM), The Netherlands. The auditors of Ernst & Young Accountants are members of the Royal NIVRA, ("*Nederlands Instituut voor Registeraccountants*"), the Dutch accountants board.

### **Post-issuance information**

Unless indicated otherwise in the Final Terms, the Issuer does not intend to provide post-issuance information.

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