



## de Volksbank N.V.

*(incorporated under Dutch law as a public company  
and having its corporate seat in Utrecht, the Netherlands)*

### €25,000,000,000 Debt Issuance Programme

Under this €25,000,000,000 Debt Issuance Programme (the "**Programme**") de Volksbank N.V. (the "**Issuer**" or "**de Volksbank**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below), if any. As set out herein, the maximum aggregate nominal amount of the Notes from time to time outstanding under the Programme issued by the Issuer will not exceed € 25,000,000,000 (or its equivalent in any other currency 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 in respect of Notes 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 may be distributed by way of public offers or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each relevant series of Notes (a "**Series**"), or tranche thereof (a "**Tranche**"), will be specified in the applicable final terms (the "**Final Terms**").

This document constitutes the base prospectus dated 19 October 2017 of de Volksbank N.V. in respect of non-equity securities, within the meaning of Directive 2003/71/EC as amended (including by Directive 2010/73/EC) (the "**Prospectus Directive**", which term includes any relevant implementing measure in the Member State (as defined below) which has implemented the Prospectus Directive (each a "**Relevant Member State**") and is issued in replacement of a prospectus dated 19 October 2016. This does not affect any notes issued prior to the date of this Base Prospectus.

**Arranger**  
Rabobank

**Dealers**  
Rabobank  
de Volksbank

The full terms and conditions of each Tranche of Notes issued by de Volksbank are constituted by the terms and conditions as set out in full in this Prospectus in Chapter 2, Part 1 which terms and conditions constitute the basis of all Notes to be offered under the Programme, together with the Final Terms applicable to the relevant issue of Notes, which complete the terms and conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Series or Tranche. The Notes of each Tranche will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Note (as defined below) which will be deposited on the issue date thereof either (i) with a common depositary or common safekeeper on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or any other agreed clearing system or (ii) with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**"). See '*Form of the Notes*'.

The Issuer may agree with the relevant Dealer that Notes may be issued in a form not contemplated by the terms and conditions of the Notes herein, in which case a supplementary prospectus, a new base prospectus or a drawdown prospectus, if required, will be made available which will describe the effect of the agreement reached in relation to such Notes and which will be subject to the prior approval of the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**").

Application may be made for the Notes to be listed and admitted to trading on Euronext in Amsterdam ("**Euronext Amsterdam**"), the regulated market of Euronext Amsterdam N.V. In addition, the Notes may, in accordance with applicable rules and regulations, be listed and admitted to trading on the Luxembourg Stock Exchange ("**Luxembourg Stock Exchange**"). The Issuer may also issue unlisted Notes under the Programme.

Notes that are issued with a Specified Denomination of € 100,000 (or its equivalent in any other currency as at the date of issue of the Notes) plus one or more higher integral multiples of another smaller amount in excess thereof will not be listed on the regulated market of Euronext Amsterdam until the Issuer has made itself aware that Notes that are purported to have a minimum denomination of € 100,000 plus one or more higher integral multiples of another smaller amount in excess thereof can only be traded in such amount or any amount in excess thereof (for example € 101,000 or € 102,000).

Ratings in relation to de Volksbank and the Notes are described in the chapter headed '*de Volksbank N.V.*', section '*Rating Agencies*'.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. 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. As of the date of this Prospectus, each of Fitch Ratings Limited ("**Fitch**"), Standard & Poor's Global Ratings ("**Standard & Poor's**") and Moody's Investors Service Ltd ("**Moody's**") is established in the European Union and is registered under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

The rating of a certain Series or Tranche of Notes, if applicable, will be specified in the applicable Final Terms. Whether or not a credit rating applied for in relation to a relevant Series or Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed clearly and prominently in the applicable Final Terms.

This Prospectus has been approved by the AFM as competent authority under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**Wft**"), and related regulations implementing the Prospectus Directive in the Netherlands.

The Issuer has requested the AFM to provide the competent authority in Luxembourg with a certificate of approval (a "**Notification**") attesting that the Prospectus has been drawn up in accordance with Chapter 5.1 of the **Wft** and related regulations implementing the Prospectus Directive. The Issuer may request the AFM to provide competent authorities in additional member states within the European Economic Area (the "**EEA**") with a Notification.

The AFM shall notify the European Securities and Markets Authority ("**ESMA**") of the approval of this Prospectus and any supplement hereto at the same time as such approval is notified to the Issuer. In addition, the AFM shall provide ESMA with a copy of this Prospectus and any supplement hereto.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that 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, or for the account or benefit of, U.S. persons.

**An investment in the Notes involves certain risks. Prospective investors should have regard to the risk factors described under Chapter 1 'Risk Factors' in this Prospectus.**

**This Prospectus will be published in electronic form on the websites of the AFM and the Luxembourg Stock Exchange and on 19 October 2017 on the website of the Issuer at [www.devолksbank.nl](http://www.devолksbank.nl). It is valid for a period of up to 12 months from the date of approval by the AFM.**

This Prospectus must be read and construed together with any amendments or supplements hereto and with the documents incorporated by reference herein (which can be found on the website of the Issuer, [www.devолksbank.nl](http://www.devолksbank.nl) and may be obtained by contacting the Issuer by telephone (+31 30 291 42 46/ +31 30 291 42 47) or by e-mail: [jacob.bosscha@devолksbank.nl](mailto:jacob.bosscha@devолksbank.nl) and [kagan.koktas@devолksbank.nl](mailto:kagan.koktas@devолksbank.nl)), and in relation to any Tranche, this Prospectus should be read and construed together with the applicable Final Terms.

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## **CHAPTER 1: INFORMATION RELATING TO THE DEBT ISSUANCE PROGRAMME AND THE ISSUER**

### **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, 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 and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

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

### **RISK FACTORS REGARDING THE ISSUER**

#### **The business of the Issuer is primarily concentrated in the Netherlands**

The Issuer generates most of its income in the Netherlands and therefore is particularly exposed to the economic, political and social conditions in the Netherlands. Economic conditions in the Netherlands have been developing positively but may be negatively influenced by conditions in the global financial markets and economy. Partly due to the economic crisis, growth of the Dutch gross domestic product ("**GDP**") has been subdued. Following the growth of 1.0% in 2014, GDP grew 2.00% in 2015 followed by a growth of 2.20% in 2016. Any deterioration or merely a long-term persistence of a difficult economic environment in the Netherlands could negatively affect the demand for products and services of the Issuer. In addition, the Issuer is exposed to the risk of a significant deterioration of the financial position of its customers which include small and medium enterprises ("**SME**") in the Netherlands.

#### **The Issuer faces substantial funding and liquidity risk**

The Issuer's funding strategy aims at optimising and diversifying the Issuer's funding sources in order to maintain the targeted long-term funding position, liquidity profile and compliance with regulatory requirements. The Issuer's primary sources of funding are customer deposits and wholesale funding.

Customer deposits are currently the main funding source of the Issuer. The amount of such deposits is generally volatile and future amounts cannot be predicted. The amount of mortgage loans on the Issuer's balance sheet is higher than the amount of customer deposits attracted. This has resulted in a certain dependency on wholesale funding in the money markets and capital markets including the use of securitisation of the mortgage loan portfolio and the issuance of covered bonds.

Good access to the money markets and capital markets may be necessary to finance the growth of the mortgage loan portfolio and to refinance all outstanding loans of the Issuer with a shorter maturity than the mortgage loans in which the money is invested. The access to the money markets and capital markets for wholesale funding may be affected by concerns about the credit strength of the Issuer, but may also be influenced, *inter alia*, by concerns

about the market segments in which the Issuer is active, or by a general market disruption. Access to the markets may be further affected by the credit ratings of the Issuer. Depending on market conditions and credit ratings of the Issuer, the possibilities to access the capital markets for funding may be limited.

Liquidity risk is the risk that the Issuer has insufficient liquid assets available in the short or long term to meet its financial obligations, under normal circumstances or in times of stress, without incurring unacceptable costs or losses. Although in addition to customer deposits and wholesale funding the Issuer may have access to the European Central Bank (the "ECB") facilities, the sensitivity of the Issuer to this risk is substantial.

**The Issuer's business and results of operations may be adversely affected by a weakening of economic recovery in Europe, the uncertainties surrounding the United Kingdom's exit from the European Union, and any renewed threat of default by certain Eurozone countries**

Global markets and economic conditions have been negatively impacted in recent years by the banking and sovereign debt crisis in the EU and globally. In particular, concerns have been raised with respect to continuing economic, monetary and political conditions in the region comprised of the member states of the European Union ("**Member States**") that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the "**Eurozone**"). The potential impact of a sovereign default on the Eurozone countries and the risk that some Member States could leave the Eurozone (either voluntarily or involuntarily), continues to raise concerns about the ongoing viability of the euro currency and the Economic and Monetary Union (the "**EMU**"). While the Quantitative Easing program ("**QE-program**") of the ECB that commenced in March 2015 is designed to improve confidence in Eurozone equities and encourage private bank lending, there remains considerable uncertainty as to whether such measures will sustain the economic recovery or avert the threat of sovereign default.

The QE-program of the ECB that commenced in March 2015 entails the initiation of an asset purchase programme ("**APP**"). In July 2017 the ECB has announced in a press conference that the key ECB interest rates will remain unchanged for an extended period of time, and well past the horizon of the APP. It is currently unclear when and whether the ECB would increase the interest rates. In addition, the ECB stated that the net asset purchases under the APP are intended to run until the end of December 2017, or (if necessary) beyond. The possible discontinuation of the APP and any resulting increase in interest rate may have a material adverse effect on the Issuer's prospects, financial condition and results of operations.

In addition, in a referendum held in the United Kingdom on 23 June 2016, a majority voted for the United Kingdom to leave the European Union. There is uncertainty relating to the negotiation and form of the United Kingdom's relationships with the European Union, other multilateral organizations and individual countries at the time of exit and beyond. The uncertainty surrounding such exit could negatively impact the European markets.

The full effects on the Dutch, European and global economies of the United Kingdom's exit from the European Union, other elections held in Europe, an exit of one or more additional Member States from the EMU, or a potential dissolution of the EMU and a consequential re-introduction of individual currencies in one or more EMU Member States, are impossible to predict. However, if any such event were to occur it may likely:

- result in significant market dislocation;
- result in significant volatility in the value of the euro against other currencies;
- significantly heighten counterparty risk;
- result in downgrades of credit ratings for European borrowers, giving rise to significant increases in credit spreads and decreases in security values;
- disrupt and adversely affect the economic activity of the Dutch and other European markets; and

- adversely affect the management of market risk and in particular asset and liability management due, in part, to the redenomination of financial assets and liabilities and the potential for mismatch.

The occurrence of any of these events or a combination thereof could have a material adverse effect on the Issuer's prospects, financial condition and results of operations.

**The Issuer is exposed to the level of interest rates**

The level of interest rates, credit spreads and changes in prevailing interest rates and credit spreads (including changes in the difference between the levels of prevailing short- and long-term rates) could adversely affect the results of the Issuer.

The results of the Issuer's business are affected by the management of interest rate sensitivity. The composition of the assets and liabilities of the Issuer, and any maturity gap position resulting from that composition, causes the banking business' net interest income to vary with changes in interest rates. There can be no assurance that the Issuer will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low, flat and even negative interest rates (for example the inability of the Issuer to successfully charge negative interest rates on to its customers). The results of the banking business of the Issuer are affected by the management of interest rate sensitivity. Further, a decrease in the general level of interest rates could affect the Issuer through, among other things, increased prepayments on the loan and mortgage portfolios for instance as a result of low interest rates on saving accounts and through interest rate averaging and other measures enabling customers to benefit from the low interest rate environment.

**The Issuer is exposed to the risk of a decline and a high volatility in the securities markets and poor investment performance**

The evolution and volatility of prices and indices of securities, both in terms of equity and fixed income, in which the Issuer invests, has a considerable impact on its investment income. Furthermore, securities and other financial markets can experience sustained periods of high volatility, unpredictable market movements, severe market dislocations and illiquidity or other liquidity disruptions. These market conditions can cause a reduction in the value of assets or collateral held by the Issuer, a decline in the profitability of certain assets, an increase in unrealised losses in the Issuer's various (asset) portfolios, a reduction in unrealised gains in the Issuer's various (asset) portfolios or in the demand for the products and services offered by the Issuer and may impede the Issuer's timely or cost-efficient access to funding on the capital markets. In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, which may further exacerbate such rapid decreases in asset values, collateral or liquidity disruptions.

During the financial crisis which started in 2007, both the debt and the equity securities markets were very volatile. Under these extreme conditions, funding transactions, as well as hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. The Issuer uses financial derivative measures as part of its risk management strategy and it may not be able to manage its exposures adequately through the use of such derivatives as a result of modelling, sensitivity analysis or other risk assessment method failures or as a result of appropriate derivative products not being available. Market conditions, and periods of high volatility can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, natural disasters or other similar events outside the Issuer's control, please also see the risk factor "*Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issue*" below. There is no assurance that market volatility will not result in a prolonged market decline, or that such market declines for other reasons will not occur in the future.

Severe market events have historically been difficult to predict, and could lead to the Issuer realizing significant losses if extreme market events were to persist for an extended period of time. Therefore market volatility, liquidity disruptions, or dislocations could have a material adverse effect on the Issuer's business, financial position and results of operations.

**The Issuer is subject to currency-related risks**

Currency risk exposure affects funding of the operations of the Issuer and part of its investment portfolios. To the extent these are not hedged or not hedged adequately, the Issuer is exposed to certain currency fluctuations between the euro and the U.S. dollar in particular, as well as other currencies, such as the Japanese yen, Hong Kong dollar, pound sterling and Australian dollar. The reporting currency of the Issuer is the euro. Non-euro income and expense items are translated into euro for consolidation of the profit and loss statement of the Issuer, on the basis of average exchange rates during the period. For the purposes of its consolidated balance sheet the Issuer converts non-euro denominated assets and liabilities into euro at the exchange rate prevailing at the balance sheet date.

**The Issuer is exposed to the risk of a downgrade of any of its credit ratings**

Ratings in relation to the Issuer are described in the chapter headed '*de Volksbank N.V.*', section '*Rating Agencies*'. A downgrade of any of these ratings (for whatever reason) would result in higher funding and refinancing costs for the Issuer in the capital markets. Such downgrade may also affect or effectively limit access to the capital markets. In addition, a downgrade of any of the Issuer's ratings may limit its opportunities to operate in certain business areas and could have an adverse effect on the Issuer's image vis-à-vis the capital markets and its customers.

**A significant portion of the results of the Issuer relates to its mortgage loan products**

Residential mortgage loans constitute approximately 74% of the Issuer's total assets at year-end 2016. An economic downturn, stagnation or drop in property values, changes in or abolition of the tax deductibility of interest payments on residential mortgage loans in the Netherlands, increased interest rates or a combination thereof, could lead to a decrease in the production of new mortgage loans and/or increased default rates on existing mortgage loans. Further, a decrease in the general level of interest rates could affect the Issuer through, among other things, increased prepayments on the loan and mortgage portfolio for instance as a result of low interest rates on saving accounts and through interest rate averaging and other measures enabling customers to benefit from the low interest rate environment. When low interest rates are offered on savings accounts, prepayments on mortgage loans are considered more beneficial to consumers than savings. Recently there has been a relatively high level of such prepayments. Also, fixation of lower margins for long interest rate periods on mortgage loans provided to customers may have a prolonged impact on the results of the Issuer.

The maximum permitted loan to value (LTV) of newly originated mortgage loans, currently at 101% (2017), will be lowered to 100% in 2018. This might have a negative impact on the sale of the Issuer's principal residential mortgage products and therefore on the aggregate loan portfolio of the Issuer.

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for is restricted to a term of 30 years. As of 1 January 2013, interest deductibility in respect of mortgage loans originated after 1 January 2013 is further restricted and is only available in respect of mortgage loans which amortise in 30 years or less and are repaid on at least an annuity basis.

Additional restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. The



maximum interest deductibility for mortgage loans for tax purposes will decrease annually at a rate of 0.5% from the highest income tax rate of 52% in 2013 (i.e., 50% in 2017) down to 38% in 2042.

There is a trend within certain political parties in the Netherlands to limit the favourable tax treatment of mortgage debts, particularly for higher-income households. It is not clear if this will happen and, if so, when, but it cannot be ruled out. It is too early to predict what the implications of these changes in tax deductibility will be. Changes in tax treatment could ultimately have an adverse impact on the ability of borrowers to pay interest and repay their mortgage receivables. In addition, changes in the deductibility of mortgage interest payments may lead to increased prepayments by borrowers on their mortgage loans or have an adverse effect on the value of the mortgaged assets.

A sharp increase in demands for mortgage loans may lead to a situation in which the Issuer is unable to provide all requested loans due to funding and/or operational reasons. As a consequence, the Issuer may not be able to capitalise all business opportunities.

**The Issuer faces substantial competitive pressures which could adversely affect its results of operations**

There is substantial competition in the Netherlands for the types of products and services that the Issuer distributes or provides. Competition in the financial services industry is furthered by the high level of consolidation in the Netherlands in the markets where the Issuer operates. The Issuer faces competition from banking parties such as ING Bank N.V., ABN AMRO Bank N.V. and Coöperatieve Rabobank U.A. and from non-banking parties, such as pension funds and insurance companies, with relatively new parties providing more segmented offers to its customers and clients. Technology giants, (start-up) fintech companies, payment specialists, retailers, telecommunication companies, crowd-funding initiatives and aggregators are all encroaching on traditional banking services. The clients of the Issuer, in turn, are willing to consider these offers. If the Issuer is unable to offer competing and attractive products and services that are profitable, it may lose market share or incur losses on some or all of its activities. Consumer demand, technological changes and innovations, regulatory actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share, and may harm the ability of the Issuer to maintain or increase its market share and profitability.

**The Issuer is exposed to financial risks, including counterparty exposure, and risks concerning the adequacy of its credit provisions**

The Issuer is exposed to general credit risks, for example the Issuer is exposed to credit risks of borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include customers (such as borrowers under loans granted), the issuers whose securities are being held by an entity within the Issuer's group, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer or its group companies due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of the Issuer is also subject to risks that have their impact on the adequacy of its credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to the Issuer which arise from lending or other financial transactions. Depending on the actual realisation of such counterparty default, the current credit provisions may prove to be inadequate.

If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the Issuer to determine its credit provisions, these provisions could be inadequate.

The Issuer manages the financial risks it is exposed to and has developed a policy framework in relation thereto. These risks are subject to defined limits and guidelines. Financial risks are measured periodically to ensure compliance with such limits and guidelines.

Rates and prices include a fee for expected risks, the cost of shareholders' equity and loan capital and management expenses. Examples of such price risks are the credit risk in a loan. The structure of the shareholders' equity and the funding also affect the theoretical pricing. The actual pricing towards clients is determined on the basis of the advice of pricing committees, with account being taken of market conditions, in addition to the theoretical price. However, the rates and prices issued by the Issuer are agreed on the basis of theoretical rates and, therefore, may be insufficient to cover the actual risk and consequently the Issuer may experience unanticipated losses.

**The regulatory environment to which the Issuer is subject gives rise to significant costs and management time, and non-compliance could result in monetary and reputational damages**

The Issuer conducts its business in an environment that is highly regulated by financial services laws and regulations, corporate governance and administrative requirements and policies. Supervisory authorities may impose restrictions and conditions on the Issuer, including but not limited to capital, liquidity, corporate governance requirements and behavioural requirements. Interpretation of requirements by supervisory authorities and courts may change over time.

When offering new products, the Issuer may become subject to other and additional legislation and regulatory requirements. The financial services industry continues to be the focus of significant regulatory scrutiny. This has led to a more intensive approach to supervision and oversight, increased expectations, enhanced requirements and enforcement, and an increasing frequency and amount of data requests and visits from competent supervisory authorities. Implementing and monitoring compliance with applicable requirements means that the Issuer must continue to have a substantial staff dedicated to these activities and to spend monetary and management resources and to create sufficient awareness with the business staff of the products and services the Issuer offers and the rules applicable to them. Furthermore, the Issuer will also need to continue monitoring compliance of products and services that the Issuer no longer offers, which may be more complex than for products and services that are currently offered. If the Issuer is unable to commit sufficient resources for regulatory compliance, this could lead to delays and errors, and may force it to choose between prioritising compliance matters over administrative support for business activities, or may ultimately force the Issuer to cease the offering of certain products or services.

Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages and fines, loss of significant assets, public reprimands, a negative effect on the Issuer's reputation, regulatory measures in the form of cease and desists orders, fines, increased regulatory compliance requirements or other potential regulatory restrictions on the Issuer's business, enforced suspension of operations and in extreme cases, withdrawal of licenses or authorisations to operate particular businesses, or criminal prosecution in certain circumstances. In addition to non-compliance by the Issuer itself, the Issuer may suffer negative consequences of non-compliance by its clients or any third parties. The Issuer may also suffer negative consequences of clients or any third parties operating businesses or schemes in violation of applicable rules and regulations whose activities the Issuer could be held to monitor and, where applicable, to denounce or to interrupt. The Issuer may be required to make greater expenditures and devote additional resources and management time to addressing these liabilities and requirements, which could have an adverse effect on the Issuer's business, financial position and results of operations.

As result of the introduction of the Single Supervisory Mechanism ("**SSM**") on 4 November 2014, the ECB is the primary prudential supervisory authority of the Issuer. For certain matters the Issuer will remain subject to

supervision by local supervisory authorities such as the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "DNB") and the AFM. The transition of prudential supervision from DNB to ECB had a significant impact and may continue to have a significant impact on supervision of the Issuer. This has also resulted in changes to local practices and in the interpretation of regulations applicable to the Issuer. The Issuer has significantly invested and may be forced to continue to significantly invest in resources to familiarise the ECB with the Issuer's business and financial position and to adapt to the ECB's supervisory approach.

The Issuer believes that oversight and scrutiny by supervisory authorities have increased significantly in recent years. This has in general led to more regulatory investigations and enforcement actions as well as an increase in the amount of fines against financial institutions. The last few years have seen a steep escalation in the severity of the terms which competent supervisory authorities and law enforcement authorities have required to settle legal and regulatory proceedings against financial institutions, with settlements including unprecedented monetary penalties as well as criminal sanctions. If this trend were to continue the negative effect to the Issuer of non-compliance could be more pronounced in the future than a similar event of non-compliance would have had in the past. Non-compliance with applicable regulation may also lead to civil liability towards affected clients and, increasingly, third parties.

The regulatory environment to which the Issuer is subject gives rise to significant legal and financial compliance costs and management time, which could have an adverse effect on the Issuer's business, financial position and results of operations.

**The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could have a negative impact on the Issuer**

In pursuit of a broad reform and a restructuring of financial regulation, legislators and supervisory authorities predominantly in Europe and the United States but also elsewhere, continue to introduce and implement a wide range of proposals that could result in major changes to the way the Issuer's operations are regulated and could have adverse consequences for its business, business model, financial position, results of operations, reputation and prospects. These changes could materially impact the profitability of the Issuer's businesses, the value of its assets or the collateral available for its loans, require changes to business practices or force the Issuer to discontinue businesses and expose the Issuer to additional costs, taxes, liabilities, enforcement actions and reputational risk and are likely to have a material impact on the Issuer. Recent and ongoing prudential, conduct of business and more general regulatory initiatives include, but are not limited to:

- Regulatory capital requirements proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**"), including its proposals set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011 (the "**Basel III Final Recommendations**"), which are being implemented in the European Union through the CRD IV Directive and the CRD IV Regulation, known as CRR. The CRD IV Directive entered into force in the Netherlands on 1 August 2014. The CRD IV Regulation entered into effect on 1 January 2014. Certain provisions stemming from the aforementioned regulations have yet to become applicable. Since the introduction of the Basel III framework, the Basel Committee published several consultation documents for amendment of Basel III. Any amendments resulting from these and possible future consultations are likely to affect rules contained in CRD IV and/or the application of CRD IV and the rules and regulations based thereon.

CRD IV resulted, *inter alia*, in the Issuer becoming subject to stricter capital and liquidity requirements and has also affected the scope, coverage and calculation of capital. In addition, more stringent rules apply to instruments in order to constitute regulatory capital (*toetsingsvermogen*). The supervisory authorities could require the Issuer to take remedial action if it breaches any of the regulatory capital requirements. The remedial action could be to work closely with the authorities to protect customers'

interests and to restore the Issuer's capital and solvency positions to acceptable levels (see below under "Capital and/or liquidity requirements may adversely affect the business of the Issuer"). This may have a negative impact on the payments on the Notes.

"**CRD IV**", "**CRD IV Directive**" and "**CRD IV Regulation**" have the meanings specified in Condition 8(f).

As briefly referred to above, the Basel Committee published several consultation documents for amendment of Basel III. These consultations include, among others, proposals for revision of the standardised approaches for credit, operational and market risk, the introduction of capital floors based on standardised approaches, revision of the leverage ratio framework and enhancement of the Pillar III disclosure requirements. Of these proposals, the proposed revisions of the standardised approach for credit risk, in combination with the proposed capital floor framework based on the revised standard approaches for credit, market and operational risk, may have the most significant impact on the Issuer and more specifically on the Issuer's CET1 and total capital ratio. The proposal regarding the revisions of the standardised approach for credit risk includes, among others, (i) introduction of due diligence requirements for assessing the creditworthiness of a bank's counterparties, (ii) enhancement of the requirements surrounding the use of external ratings, (iii) the introduction of risk drivers to determine risk weightings of certain asset classes and (iv) the introduction of higher risk weights for certain asset classes. The aim of the revision is to discourage banks from relying mechanically on external ratings for the assessment of an asset's creditworthiness. Relevant for the Issuer are in particular the proposed revisions with respect to exposures secured by real-estate (such as mortgage loans), including the proposal to use the loan-to-valuation ("**LTV**") ratio as the main risk driver for risk weighting purposes, certain procedural aspects for being able to apply a preferential risk weight based on the LTV ratio (e.g. required documentation) and the treatment of guarantees (such as the Dutch National Mortgage Guarantee, *Nationale Hypotheek Garantie*). The proposal regarding the capital floor based on the revised standardised approach for credit risk forms part of a range of policy and measures that aim to enhance the reliability and comparability of risk weighted capital ratios across banks. Its objectives are, amongst others, to ensure that the level of capital across the banking system does not fall below a certain level, mitigate model risk and measurement error stemming from internally modelled approaches and address incentive-compatibility issues. Timing for adoption, content and impact of these proposals remains subject to considerable uncertainty. However, the implementation of amendments to the Basel III framework in general, and the revisions to the standardised approach for credit risk and the capital floor framework based thereon in particular (as made public in several consultative documents, which are referred to as 'Basel IV') could have a significant impact on the Issuer's parent company and its consolidated subsidiaries (such as the Issuer).

- The Bank Recovery and Resolution Directive (2014/59/EU, the "**BRRD**") which was published in the Official Journal of the European Union of 12 June 2014 and the European regulation establishing uniform rules and a uniform procedure for the resolution of banks and certain investment firms in the framework of the Single Resolution Mechanism (Regulation 806/2014) (the "**SRM Regulation**"), set out the European framework for the recovery and resolution of (amongst others) ailing banks, certain investment firms and certain of their holding companies. The SRM Regulation was published on 30 July 2014 and entered into force on 19 August 2014, providing for a single resolution framework, a single resolution board ("**SRB**") and a single resolution fund ("**Resolution Fund**"). The BRRD has been transposed into Dutch law pursuant to the Act implementing the European framework for the recovery and resolution of banks and investment firms (*Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen*), the "**BRRD Implementation Act**", which entered into force on 26 November 2015. The BRRD and SRM Regulation may have a severe impact on the Issuer. See also the

risk factor "*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" below.

- Following certain proposals of the Basel Committee and the Financial Stability Board, the European Commission ("**EC**") proposed on 23 November 2016 a comprehensive package of banking reforms (the "**EU Banking Reforms**"). This includes changes to CRD IV, CRD IV Regulation, BRRD and SRM Regulation (as defined above). In short the following key elements are included in the proposal: (a) a binding 3% leverage ratio for banks, (b) a binding detailed net stable funding ratio for banks, (c) macroprudential tools for supervisory authorities, (d) a new category of "non-preferred" senior debt, (e) revisions in the framework for a minimum requirement for own funds and eligible liabilities, (f) a requirement to have more risk-sensitive own funds for banks trading in certain instruments (further to Basel Committee's fundamental review of the trading book), (g) the introduction of the new TLAC standard for global systemically important institutions ("**G-SIIs**") (as discussed below under "*Capital and/or liquidity requirements may adversely affect the business of the Issuer*"), (h) a revised calculation method for derivatives exposures, (i) changes to the framework for institution-specific additional own funds ('pillar 2') and (j) the introduction of (additional) moratorium powers of competent authorities to suspend contractual obligations. This EC proposal does not yet incorporate certain amendments discussed on the level of the Basel Committee in the context of Basel IV, such as the regulatory treatment of credit and operational risk.

In respect of the binding leverage ratio, it has been agreed in the Netherlands that the Dutch systemically important banks, including the Issuer, will ultimately in 2018 comply with a leverage ratio of at least 4%. In the meantime, international discussions are ongoing regarding a possible leverage ratio surcharge (compared to the 3% introduced in the EU Banking Reforms) for G-SIIs. The Issuer does not currently qualify as such.

- In addition, at the end of 2015, the ECB started a targeted review of internal models ("**TRIM**") to assess whether the internal models currently used by banks comply with regulatory requirements, and whether they are reliable and comparable. Banks may use internal models to determine their Pillar 1 own funds requirements. The ECB will initially check all banks that fall under its direct supervision and that use approved Pillar 1 internal models, which is the case for the Issuer. The ECB has indicated that TRIM could result in increases in capital needs for individual banks. It remains uncertain if, and to what extent TRIM's findings may directly or indirectly affect the Issuer in the future. TRIM is expected to be finalised in 2019.
- The (recast) EU Directive on deposit guarantee schemes (2014/49/EU) (the "**Recast Deposit Guarantee Directive**") entered into force in July 2014. The Recast Deposit Guarantee Directive regulates among others the harmonisation of the ex-ante financing of the deposit guarantee schemes, the harmonisation of the maximum payment of € 100,000 under a deposit guarantee scheme, the cross-border cooperation of (foreign) deposit guarantee schemes, more transparency for depositors, the verification of claims by the deposit guarantee schemes and the reimbursement in the event of a bank failure. The legislation implementing the Recast Deposit Guarantee Directive in the Netherlands entered into force on 26 November 2015. Further thereto, in November 2015 the European Commission ("**EC**") has proposed a euro-area wide insurance scheme for bank deposits. It is not yet clear whether and if so, when this will come into effect. See also the risk factor "*The Issuer's participation in Compensation Schemes may have a material adverse effect on its results of operations and financial condition.*" below.
- The revised EU Directive on Markets in Financial Instruments ("**MiFID**") and the accompanying regulation "**MiFIR**" (together "**MiFID II**"), which replaces, extends and improves existing European rules on markets

in financial instruments, giving more extensive powers to supervisory authorities, increasing market infrastructure and reporting requirements, more robust investor protection, increasing both equity and non-equity market transparency, introducing a harmonised position-limits regime for commodity derivatives, introducing product governance requirements and introducing the possibility to impose higher fines in case of infringement of its requirements. The directive has to be implemented into national legislation before 3 January 2018. The precise impact of MiFID II on the Issuer is not yet fully clear given the fact that (i) part of level II legislation and level III guidance is yet to be adopted and (ii) although the act implementing MiFID II in the Netherlands has recently been adopted by the Dutch House of Representatives, it is yet to be discussed in and adopted by the Dutch Senate. However, MiFID II will lead to a substantial reshaping of the regulatory framework for investment firms and banks and is thus likely to have an impact on the Issuer.

- The European Market Infrastructure Regulation ("**EMIR**") introduced new obligations relevant for the Issuer, which include (i) central clearing for certain classes of OTC derivatives, (ii) the application of risk mitigation techniques for non-centrally cleared OTC derivatives and (iii) reporting of both exchange traded and OTC derivative transactions. The obligations under (iii) have taken effect already. The central clearing obligation referred to under (i) as well as part of the risk mitigation techniques referred to under (ii) are currently being phased in gradually.
- The Mortgage Credit Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property adopted on 4 February 2014 (the "**Mortgage Credit Directive**") aiming to afford high level consumer protection throughout the EEA. The act implementing the Mortgage Credit Directive in the Netherlands entered into force on 14 July 2016, introducing, among others, a licence requirement and passport regime for intermediaries of mortgage credit. Further thereto, the implementation introduced new requirements regarding pre-contractual information, the way of calculating the annual percentage rate of charge, early repayment and arrears, and foreclosure.
- Adopted legislation, introduced by the Dutch government, banning and/or restricting inducements relating to investment services and to financial services in relation to certain products, such as mortgages and complex products, reducing fee and commission income. The foregoing ban and/or restrictions, in respect of investment services, may be amended further to the implementation of MiFID II (as defined below).
- Restrictions applicable to the Dutch principal residential mortgage loan market for individuals, including a reduction in the maximum loan amount for government-guaranteed mortgage loans (*Nationale Hypotheekgarantie*, "**NHG**"), a reduction of the maximum permissible amount of a mortgage loan relative to the value of the property and a reduction on tax deductibility of new mortgages loans, could lead to further downward pressure on the total outstanding volume of mortgages in the Netherlands which could decrease the size of the Issuer's mortgage portfolio and to have an effect on the house prices and the rate of economic recovery which may result in an increase of defaults, prepayments and repayments.

The mortgage lending rules and the restrictions to mortgage interest relief, applicable to the principal residential mortgage market, may have a particular impact on the Issuer's principal residential mortgage business. These measures might have a negative impact on the sale of the Issuer's principal residential mortgage products and therefore on the aggregate loan portfolio of the Issuer, on the interest margins that it is able to earn on new and existing principal residential mortgages, as well as on the ability of its clients to pay amounts due in time and in full. See also "*The business of the Issuer is primarily concentrated in the Netherlands*" and "*A significant portion of the results of the Issuer relates to its mortgage loan products*".

- In 2012 the EC presented its proposal to reform the general EU legal framework on the protection of personal data. The main policy objectives in this reform are to: (i) modernise the EU legal system for the protection of personal data, in particular to meet the challenges resulting from globalisation and the use of new technologies, (ii) strengthen individuals' rights and at the same time reduce administrative formalities to ensure a free flow of personal data within the EU and beyond, (iii) improve the clarity and coherence of the EU rules for personal data protection and achieve consistent and effective implementation of the privacy rules and application of the fundamental right to the protection of personal data in all areas of the EU's activities. The EC intends to achieve this by substituting the current EU Data Protection Directive of 1995 for a new EU general data protection regulation that will apply directly and uniformly throughout the European Union. This reform will have a major impact on the private sector and provides for significant fines, with fines that could amount to 4% of the worldwide turnover of a company or EUR 20 million, whichever one is higher. Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**") was adopted on 27 April 2016 and will apply from 25 May 2018. The GDPR, despite being a regulation and not a directive, allows member states to further enact local legislation on a number of aspects. This means that local implementation legislation may be enacted throughout Europe. In the Netherlands, a draft implementation act has been published and shortly been open for consultation in which the local legislator makes use of such possibility. It is uncertain when this act will be officially adopted. It is expected to enter into force on 25 May 2018. In parallel with EU legislative amendments to strengthen privacy protection, there are a number of Dutch initiatives in this field that entered into force on 1 January 2016 including an amendment of the Dutch Data Protection Act imposing the obligation to report data leaks, with fines up to EUR 450,000 for non-compliance and the new power of the Dutch privacy regulator to impose fines of up to EUR 820,000 or 10% of the annual turnover per infringement.
- The new payment services directive ("**PSD II**") which imposes additional requirements on the Issuer with respect to payment services in the EEA and supports the emergence of new players and the development of innovative mobile and internet payments in Europe. The PSD II has to be implemented in EU member States by 13 January 2018. Key elements of the PSD II that could impact the Issuer are: (i) access to payment accounts by other parties than the bank where the customer holds an account (Third Party Access), and (ii) security requirements. Third Party Access as described in the PSD II may force the Issuer to make substantial investments and expose it to more or intensified competition and can be a threat as parties other than banks focus on the customer-engagement components of the value chain and leave the commoditized transactional components to banks which could lead to disintermediation. Security is and will remain a core element in the service offering of banks whereby it is important that the security requirements in the PSD II strike the right balance between ease of use and risk.
- A banking tax introduced in 2012 by the Dutch government for all entities that are authorised to conduct banking activities in the Netherlands.
- The **EC** has published a proposal on 14 February 2013 (the "**EC's Proposal**") for a Directive for a common Financial Transactions Tax ("**FTT**") in, currently, Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**participating Member States**").

The EC's Proposal has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Under the EC's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one

party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the EC's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

- The Regulation on transparency and reuse of securities financing transactions (2015/2365) which was published on 23 December 2015 and which is gradually phased in as from 12 January 2016. The regulation aims to improve the transparency of securities financing transactions by introducing, among others, a requirement to report certain transactions to a central database. In addition, the regulation aims to improve the transparency of the reuse of financial instruments by setting minimum conditions to be met by the parties involved, including written agreement and prior consent. The Issuer will be required to satisfy the requirements arising from this Regulation that are applicable when entering into securities financing arrangements or into financial collateral arrangements under which financial instruments provided as collateral may be subject to reuse. The Issuer may, amongst others, be held to amend its contracts and processes to comply with this Regulation, provide additional information to its counterparties and/or obtain access to a central database and report certain of its transactions thereto. This may give rise to additional costs and expenses.
- The Packaged retail and insurance-based investment products (PRIIPs) Regulation (1286/2014) (the "**PRIIPs Regulation**") which provides that manufacturers and distributors of investment products will have to produce and/or provide a 'Key Information Document' for investment products that fall within the scope of the PRIIPs Regulation. The PRIIPs Regulation will apply from 1 January 2018. As a distributor of various investment products such as investment funds, the Issuer will have to take into account the new requirements set out in the PRIIPs Regulation which may require the Issuer to make changes in its current business operations which will cost time and money.
- The fourth Anti Money Laundering Directive (2015/849) (the "**AML Directive**") and accompanying Regulation (2015/847) (the "**AML Regulation**") were published in June 2015. Member States were required to implement the AML Directive into their national legislation before 26 June 2017. However, the Netherlands have not met this deadline. The AML Regulation applies from 26 June 2017. The AML Directive provides for, among others, refined rules on customer due diligence requirements depending of the risk: enhanced vigilance where the risks are greater, simplified measures where risks are lower. This new requirements set out in the AML Directive may require the Issuer to review and amend its current AML processes which will cost time and money. In 2016, DNB conducted a thematic review at de Volksbank with respect to the measures taken by the bank to prevent money laundering and terrorist financing. Based on this review, DNB concluded that de Volksbank needs to take additional measures as regards transaction monitoring and reporting unusual transactions. Following this review, DNB imposed two measures on de Volksbank. The first measure is an instruction (*aanwijzing*) to improve the processes, in particular an expansion of transaction monitoring scenarios and an improvement in scenario management. This should bring de Volksbank to the desired maturity level and provide for measures to ensure lasting control over the ongoing monitoring of transactions and customer behaviour. The second measure is an administrative penalty of € 500,000 for failing to (promptly) report unusual transactions. The fine relates to seven transactions conducted between 6 January 2015 and 25 July



2016. Failure to comply with the anti-money laundering rules in general and the instructions of DNB in particular may result in further enforcement measures (including administrative fines).

- Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (the "**Statutory Audit Directive**") and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the "**Statutory Audit Regulation**") have introduced new and revised requirements regarding the statutory audit of public-interest entities, such as the Issuer. The Statutory Audit Regulation has entered into force on 17 June 2016. Dutch legislation implementing the Statutory Audit Directive and giving effect, where necessary, to the Statutory Audit Regulation has been adopted on 11 October 2016.

The tax regime applicable to the Issuer is to an extent based on the Issuer's interpretations of such laws and regulations. The Issuer cannot guarantee that such interpretations will not be questioned by the relevant authorities.

The timing and full impact of new laws and regulations, including the initiatives described above, cannot be determined yet and are beyond the Issuer's control. The introduction of these and other new rules and requirements could significantly impact the manner in which the Issuer operates, particularly in situations where regulatory legislation can interfere with or even set aside national private law. New requirements may adversely affect the Issuer's business, capital and risk management strategies and may result in the Issuer deciding to modify its legal entity structure, capital and funding structures and business mix or exit certain business activities altogether or determine not to expand in certain business areas despite their otherwise attractive potential.

The large number of legislative initiatives requires constant attention from the Issuer's senior management and consumes significant levels of resources to identify and analyse the implications of these initiatives. The Issuer may have to adapt its strategy, operations and businesses, including policies, procedures and documentation, to comply with these and new legal requirements. Especially in view of the volume of existing initiatives, it cannot be excluded that certain new requirements will not be implemented in a timely fashion or implemented without errors or in a manner satisfactory to the applicable regulatory authority, resulting in non-compliance and possible associated negative consequences. Additionally, the Issuer may be forced to cease to serve certain types of clients or offer certain services or products as a result of new requirements. Any of the other above factors, events or developments may materially adversely affect the Issuer's businesses, financial position and results of operations and prospects.

**Due to public pressure and perceived infringements of privacy law, the Issuer may be precluded as a practical matter from implementing business models based on analysis and use of client generated data.**

Due to public pressure and perceived infringements of privacy law, the Issuer may be precluded as a practical matter from implementing business models based on analysis and use of client generated data. In recent years, financial institutions have attempted to introduce and explore the potential for introduction of new business models in which client behaviour is analysed – often if not always on an anonymous basis – to allow commercial use of this data by the financial institution or by third parties on a free or paid basis. Clients whose data the Issuer analyses and uses may deem the Issuer to be infringing requirements and such complaints could lead to broader calls opposing the implementation of this type of new business model, which may cause harm to the Issuer's reputation. If the Issuer were to be precluded from developing and implementing new business models based on the use and analysis of client data, this could have a material and adverse effect on its business operations and competitiveness with a material and adverse effect on the Issuer's business, results of operations and financial condition.

### **Capital and/or liquidity requirements may adversely affect the business of the Issuer**

The Issuer is required by regulators to maintain adequate capital and liquidity levels, as such regulators may deem appropriate. Adequate capital and liquidity levels are also necessary for the Issuer's financial flexibility and to cope with adverse developments.

Changes to capital adequacy and liquidity requirements may require the Issuer to raise additional regulatory capital or hold additional liquidity buffers, for example because of different interpretations of or methods for calculating risk exposure amount, or because the Issuer does not comply with ratios and levels, or instruments and collateral requirements that currently qualify as capital or capital risk mitigating techniques no longer do so in the future. For example the Issuer is required to comply with a minimum requirement for own funds and eligible liabilities ("**MREL**") under the BRRD / SRM Regulation (as defined above). set by the competent resolution authority, which should ensure the effective application of the bail-in resolution tool under the BRRD and SRM Regulation. The implementation into EU law of the total loss-absorbing capacity ("**TLAC**") standard developed globally by the Financial Stability Board ("**FSB**") is expected to entail certain changes to the current MREL-requirements.

Although the TLAC is in principle aimed at G-SII's, the EC proposed in the EU Banking Reforms, in order to prevent unwarranted legal complexity and compliance costs due to a potentially parallel application of the TLAC standard and the MREL, to merge them, by incorporating (as appropriate) the TLAC standard into the requirements regarding MREL. This will likely affect the MREL for non-G-SII's, such as the Issuer, as well. In this context, reference is also made to the final report on MREL published by the European Banking Authority ("**EBA**") on 14 December 2016 (the "**Final Report**"), which recommends certain changes to the current MREL-requirements with a view to improve its technical soundness and to implement TLAC. Certain of EBA's recommendations extend further than the changes contemplated in the EU Banking Reforms. However, these recommendations may be considered during the legislative process for that proposal. It cannot be excluded that these and other future changes may, amongst others, entail that certain capital instruments and other eligible liabilities that currently count (or, upon issue, will count) towards the Issuer's MREL may no longer qualify as MREL eligible in the future and/or the Issuer being required to issue or otherwise assume certain additional liabilities in order to comply with MREL and other capital requirements. If the Issuer is unable to raise the requisite regulatory capital in order to comply with MREL or other capital requirements, it may, amongst others, be required to reduce its risk exposure amount, restrict certain activities or engage in the disposition of core and other, non-core, businesses, which may not occur on a timely basis or at prices which would otherwise not be attractive to the Issuer. The EU Banking Reforms introduce additional powers for the relevant authorities to address a breach of MREL.

The introduction of a liquidity coverage ratio ("**LCR**"), a net stable funding ratio ("**NSFR**") and a leverage ratio under CRD IV are likely to have an impact on the Issuer's funding costs and in having to maintain buffers of liquid assets which may in turn result in lower returns than less liquid assets. Furthermore, if the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations. In addition, the Issuer may be required to attract additional stable sources of funding or hold a higher liquidity buffer, which may result in higher costs for the Issuer. In this context reference is made to the EU Banking Reforms, which includes a binding NSFR and a binding leverage ratio.

The above changes and any other future changes which are relevant for the Issuer's liquidity and capital position could have a material adverse impact on its financial position, regulatory capital position and liquidity position, including increased costs of funding for regulatory purposes, for example in connection with the Issuer's MREL requirements.

**Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding**

*Recovery and resolution measures; BRRD and SRM*

The BRRD and the SRM Regulation set out a common European recovery and resolution framework which is composed of three pillars: (i) preparation (by requiring banks to draw up recovery plans and resolution authorities to draw up resolution plans), (ii) early intervention powers and (iii) resolution powers. The BRRD has been transposed into Dutch law pursuant to the BRRD Implementation Act, which entered into force on 26 November 2015. The Issuer is subject to the BRRD as implemented in Dutch law.

The SRM Regulation applies to banks subject to the SSM pursuant to Council Regulation (EU) No 1024/2013 and Regulation (EU) No 1022/2013, such as the Issuer, and provides for a single resolution mechanism ("**SRM**") in respect of such banks. The SRM Regulation has been fully applicable since 1 January 2016 and prevails over the implementation in national law of the BRRD where it concerns the resolution of such banks. The SRM Regulation also provides for the establishment of a SRB, which is responsible for the effective and consistent functioning of the SRM. The SRB also acts as the competent resolution authority for significant banks under the SSM, such as the Issuer and is in that capacity responsible for adopting resolution decisions in respect of such banks.

The BRRD, as implemented in Dutch law, provides DNB in its capacity as competent national resolution authority with the powers necessary to implement the resolution decisions taken by the SRB in respect of significant banks in the Netherlands, such as the Issuer. In addition, the ECB, as the competent supervisory authority in respect of significant banks, is allowed to take certain recovery measures (also referred to as early intervention measures) in the event the financial condition of a bank is deteriorating (subject to further conditions). Such measures could pertain, amongst others, to a change of the legal or operational structure, the removal of (individuals within) senior management or the management body and the appointment of a temporary administrator.

If the Issuer would be deemed no longer viable (or one or more other conditions apply) the SRB may decide to write-down, cancel or convert relevant capital instruments of the Issuer, such as Subordinated Notes qualifying as Tier 2 Notes, independently (i.e. separate from a resolution action) or do so in combination with a resolution action (such as the application of a transfer tool and/or the bail-in tool). The Issuer shall be deemed to be no longer viable only if it is failing or likely to fail and (in short) no alternative private sector measure or supervisory action would prevent its failure within a reasonable timeframe (as specified in Article 21(3) SRM Regulation). The SRB shall ensure that DNB will exercise the write-down and conversion powers pursuant to the BRRD, as implemented in Dutch law, in order to write-down, cancel or convert the relevant capital instruments into shares or other instruments of ownership, and in accordance with a certain order of priority. A write down or conversion of capital instruments into shares could adversely affect the rights and effective remedies of holders of Notes and the market value of their Notes could be negatively affected.

The implementation of the TLAC standard into EU law (see above under "*Capital and/or liquidity requirements may adversely affect the business of the Issuer*") may - further to potential changes to the MREL eligibility requirements - also entail an extension of the scope of the aforementioned write-down and conversion powers (in addition to capital instruments) to other instruments that count towards the Issuer's MREL (such as Resolution Notes that count towards the Issuer's MREL).

If the Issuer would be deemed to fail or likely to fail and the other resolution conditions would also be met, the SRB may decide to place the Issuer under resolution. As part of the resolution scheme to be adopted by the SRB, it may decide to apply certain resolution tools, subject to the general resolution objectives and principles laid down in the SRM Regulation (such as the principle of 'no creditor worse off ("**NCWO**")'), as described further below). These resolution tools include the sale of business tool, the bridge institution tool and the asset

separation tool, each of which, in summary, provides for a transfer of certain assets and/or liabilities of the institution under resolution to a third party. In addition, the SRM provides for the bail-in tool. The bail-in tool may be applied to recapitalise the Issuer (whether or not in combination with one of the aforementioned transfer tools) or convert to equity or reduce the principal amount of claims or debt instruments (such as the Notes) of the Issuer that have been transferred pursuant to one of the aforementioned transfer tools. The bail-in tool extends further than the relevant capital instruments of the Issuer, and may also result in the write-down or conversion of other eligible liabilities of the Issuer in accordance with a certain order of priority. Liabilities eligible for bail-in include all liabilities of the Issuer, except for relevant capital instruments or liabilities excluded from the scope of the bail-in tool. Moreover, the competent resolution authority may in exceptional cases exclude or partially exclude such an eligible liability or class of eligible liabilities from the application of the bail-in tool. In order to ensure the effectiveness of the bail-in tool, the SRM prescribes at all times a minimum requirement for own funds and eligible liabilities (i.e. the MREL) which may be subject to the bail-in tool.

As mentioned above, in order to ensure the effectiveness of the bail-in tool, the SRM prescribes at all times a minimum requirement for own funds and eligible liabilities (i.e. the MREL) which may be subject to the bail-in tool. As discussed above under "*Capital and/or liquidity requirements may adversely affect the business of the Issuer*", the MREL eligibility requirements will likely change in the future as a result of the implementation of the TLAC standard into EU law. The liabilities eligible for the MREL are expected to be aligned closely with the eligibility criteria provided in the TLAC standard (with certain exceptions and options for the resolution authorities), which would entail a limitation of liabilities eligible for MREL compared to the current MREL-requirements.

According to the SRM Regulation, the national resolution authorities shall take the necessary action to implement decisions of the SRB. They shall exercise their powers granted to them under the BRRD, as implemented in national law. In addition to the resolution powers described above, DNB in its capacity as national resolution authority for the Netherlands has been granted certain other resolution and ancillary powers to implement any resolution decision by the SRB in respect of the Issuer. It may for instance decide to terminate or amend any agreement (including a debt instrument) to which the Issuer is a party or replace the Issuer as a party thereto. Furthermore, DNB may, subject to certain conditions, suspend the exercise of certain rights of counterparties vis-à-vis the Issuer or suspend the performance of payment or delivery obligations of the Issuer. In addition, pursuant to Dutch law, certain counterparty rights may be excluded in the event such rights come into existence or become enforceable as a result of any recovery or resolution measure or any event in connection therewith (subject to further conditions). The aforementioned EU Banking Reforms propose to provide extended suspension powers to the relevant resolution authorities, including a new moratorium tool to be employed in the early intervention phase and a power to suspend obligations of an institution in resolution if necessary for the effective application of one or more resolution tools.

As mentioned above, resolution proceedings are subject to the general resolution objectives and principles provided for in the BRRD, as implemented in Dutch law, and the SRM Regulation. One of these principles is that no creditor shall incur greater losses because of the resolution of the Issuer - in accordance with the relevant safeguards - than it would have incurred if the Issuer had been wound up under normal insolvency proceedings or became subject to the emergency regime before resolution (defined above as NCWO). This entails that NCWO influences the application of a resolution tool (or other resolution power) by a resolution authority. If any creditor of the Issuer has inadvertently been 'worse off', it may be eligible for compensation from the Single Resolution Fund (see below). Even in circumstances where a claim for compensation is established under the NCWO principle in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses under the Notes incurred by Noteholders in the resolution of the Issuer because the compensation is in principle limited to losses incurred in resolution in excess of losses they would have incurred if the Issuer had been wound up under normal insolvency proceedings or became

subject to the emergency regime before resolution and there can be no assurance that Noteholders would recover such compensation promptly.

Consequently, it is possible that the resolution authority may use its powers under the BRRD or SRM Regulation in a way that could result in debt instruments of the Issuer absorbing losses. The use of certain powers pursuant to the SRM Regulation and BRRD could negatively affect the position of the Noteholders and the credit rating attached to debt instruments then outstanding and could result in losses to the Noteholders, in particular if and when any of the above proceedings would be commenced against the Issuer. These measures could increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's financial position and results of operation. In addition, there could be amendments (including, but not limited to, the amendments discussed above) to the SRM and the BRRD, which may add to these effects.

#### *Single Resolution Fund*

The SRM provides for a Single Resolution Fund that will be financed by banking groups subject to the SRM. The Issuer will only be eligible for contribution to loss absorption by the Single Resolution Fund after a resolution action is taken if shareholders, the holders of relevant capital instruments and other eligible liabilities have made a contribution (by means of a write down, conversion or otherwise) to loss absorption and recapitalization equal to an amount not less than 8% of the total liabilities (including own funds and measured at the time of the resolution action). This means that the Issuer must hold on to sufficient own funds and liabilities eligible for write down and conversion in order to have access to the Single Resolution Fund in case of a resolution. This may have an impact on the Issuer's capital and funding costs. In addition, the Single Resolution Fund must be funded in order to ensure that it has adequate financial resources to allow for an effective functioning of the resolution framework by being able to intervene, where necessary, for the effective application of the resolution tools and to protect financial stability. The Single Resolution Fund is funded by ex-ante annual contributions from credit institutions in participating EU countries, such as the Issuer. The Single Resolution Fund will be built up over a period of eight years starting from the year 2016 to reach a target level of at least 1% of the amount of covered deposits of all credit institutions authorised in all the participating EU countries.

#### *Dutch Intervention Act*

The Dutch Act on special measures regarding financial institutions (*Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**"), which has to a large extent been included in the Wft, enables the Dutch Minister of Finance to intervene with a bank established in the Netherlands, such as the Issuer, if the Minister of Finance is of the view that the stability of the financial system is in serious and immediate danger due to the situation that the bank is in. These powers consist of (i) the expropriation of assets and/or liabilities (*onteigening van vermogensbestanddelen*) of the Issuer, claims against the Issuer and securities issued by or with the cooperation of the Issuer and (ii) immediate measures (*onmiddellijke voorzieningen*), which measures may deviate from statutory provisions or the Issuer's articles of association, such as temporarily depriving the Issuer's shareholders from exercising their voting rights and suspending a board member or a supervisory board member ("**Intervention Measures**").

The entry into force of the SRM Regulation and the implementation of the BRRD has raised the question whether the powers attributed to the Minister of Finance on the basis of the Dutch Intervention Act are compatible with the SRM and implementation of the BRRD. The Dutch legislator has addressed this issue by labelling the Dutch Intervention Act as state emergency regulations (*staatsnoodrecht*). It is therefore expected that these powers will only be applied if the SRM and BRRD regime would not be effective.

The Issuer is unable to predict what effects, if any, the BRRD, the BRRD Implementation Act, the SRM Regulation and the Dutch Intervention Act may have on the financial system generally, the Issuer's counterparties, or on the Issuer or its subsidiaries, its operations and/or its financial position.

### *State Aid*

On 10 July 2013, the EC announced the adoption of its temporary state aid rules for assessing public support to financial institutions during the crisis (the "**Revised State Aid Guidelines**"). The Revised State Aid Guidelines impose stricter burden-sharing requirements, which require banks with capital needs to obtain additional contributions from equity holders and capital instrument holders before resorting to public recapitalizations or asset protection measures. The EC has applied the principles set out in the Revised State Aid Guidelines from 1 August 2013. The EC has made it clear that any burden sharing imposed on subordinated debt holders will be made in line with principles and rules set out in BRRD.

The BRRD, SRM, Wft (including the Dutch Intervention Act) and the Revised State Aid Guidelines may increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's funding ability, financial position and results of operations. In case of a capital shortfall, the Issuer would first be required to carry out all possible capital raising measures by private means, including the conversion of junior debt into equity, before one is eligible for any kind of restructuring State aid.

### **The Issuer is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties**

Due to their position in society (*maatschappelijke functie*) and specific expertise, financial institutions in the Netherlands owe a duty of care (*zorgplicht*). Financial institutions must also comply with duty of care rules under Dutch law, which includes provisions on client classification, disclosure requirements and know-your-customer obligations. Pursuant to the General Banking Conditions (*Algemene Bankvoorwaarden*) used by Dutch banks, a bank must always act in accordance with its duty of care, irrespective of whether the service or product is sold to a professional client or a non-professional client. The duty of care does not always end at the moment when the client has purchased a given product or service, but the financial institution may have to take action upon (known) changes in circumstances affecting the client, in particular if the product or service has a long life. The scope of the rules and standards referred to above differs depending on the type of service rendered or product sold, and the nature of (the activities of) the clients and third parties affected. If a duty of care is violated, claims may be based on general principles of contract, tort or securities law, including for violation of standards of reasonableness and fairness, error, wrongful treatment or faulty due diligence. Actions may be brought individually by persons that suffered losses or damages, or on behalf of a large number of – sometimes initially unnamed persons – in class action style proceedings. Proceedings may be brought in court and before the Dutch financial institute for out of court settlement of financial disputes "Kifid" (*Klachteninstituut Financiële Dienstverlening*).

A number of proceedings have been initiated against the Issuer for violation of its duty of care. Also, a number of class action groups are actively soliciting plaintiffs for mass litigation proceedings against financial institutions in general. Accordingly, there can be no assurance that additional proceedings will not be brought. Current proceedings are still pending and their outcome is uncertain, as is the timing of reaching any finality on these legal claims and proceedings. These uncertainties are likely to continue for some time. As a result, although the consequences could be substantial for the Issuer, with a potentially material adverse effect on the Issuer's reputation, results of operations, financial position and prospects, it is not possible to reliably estimate or quantify the Issuer's exposure at this time.

European and national regulations, for example, increasingly require financial institutions to provide elaborate disclosure to clients on services and products, such as through the key information document, to permit clients to more reliably assess the service or product and to enable them to compare it with similar services or products offered by other providers. Increased price transparency rules have entered into force or are envisaged by proposed European regulations for various services and products, such as those based on the Mortgage Credit

Directive, MiFID II and the PRIIPS Regulation. In the Dutch market, the AFM and Dutch banks have agreed upon providing (non-professional) clients increased price transparency as of 1 January 2015 in anticipation of similar rules set forth in MiFID II. These rules impose obligations on financial institutions to make clear to potential clients what a service or product costs and when prices may be changed.

After the global financial crisis, the duty of care standards applicable to financial institutions have become more stringent as a result of new regulations and resulting from a more expansive interpretation of existing rules and standards by courts and supervisory authorities. The Issuer expects these trends to continue.

Where in the past the duty of care was held to apply predominantly to clients, the application of this standard has on the basis of case law been extended more broadly for the benefit of third parties that suffer damages inflicted by clients of the financial institution. In these cases, courts held, for example, that in certain circumstances financial institutions may be expected to monitor activities of their clients, denouncing or even halting any suspected illegal activity.

The developments described above could have substantial consequences for the Issuer, including an increase in claims by customers and increased costs and resources. Also, it cannot be excluded that additional sector-wide measures will be imposed by supervisory authorities or the legislator which can have a negative impact on the Issuer. All these developments may have a material adverse effect on the Issuer's business, reputation, results of operations, financial position and prospects.

**The Issuer's participation in Compensation Schemes may have a material adverse effect on its results of operations and financial condition**

In the Netherlands and other jurisdictions deposit guarantee schemes and similar funds ("**Compensation Schemes**") have been implemented from which compensation may become payable to customers of financial institutions in the event the financial institution is unable to pay, or unlikely to pay, claims against it. In many jurisdictions these Compensation Schemes are funded, directly or indirectly, by financial institutions which operate and/or are licensed in the relevant jurisdiction. As a result of the increased number of bank failures, in particular since the fall of 2008, the levies in the industry may continue to rise as a result of the Compensation Schemes. In particular, the Issuer is a participant in the Dutch Deposit Guarantee Scheme (*Depositogarantiestelsel*, the "**Deposit Guarantee Scheme**"), which guarantees deposits up to an amount of € 100,000 per person per bank with a banking license (regardless of the number of accounts held). Each of the four brands of de Volksbank (ASN Bank, BLG Wonen, RegioBank and SNS) operates under one single banking license. The costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by DNB, based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Scheme. The ultimate costs to the industry of payments which may become due under the Compensation Schemes remain uncertain although they may be significant and the associated costs to the Issuer may have a material adverse effect on its results of operations and financial condition.

On 16 April 2014, the Recast Deposit Guarantee Directive was adopted. The Recast Deposit Guarantee Directive regulates amongst others the harmonisation of the ex-ante financing of the deposit guarantee schemes, the harmonisation of the maximum payment of €100,000 under a deposit guarantee scheme, the cross-border cooperation of (foreign) deposit guarantee schemes, more transparency for depositors, the verification of claims by the deposit guarantee schemes and the reimbursement in the event of a bank failure. As a result, the Issuer and other financial institutions are required to pay risk-weighted contributions into a fund to cover future drawings under the Deposit Guarantee Scheme. The fund is expected to grow to a target size of at least 0.8% of all deposits guaranteed under the Deposit Guarantee Scheme. The target size should be reached by 2024. The costs associated with potential future ex-ante contributions are today unknown, and will depend on the

methodology developed and used by DNB to calculate risk-weighting, but may be significant. The Recast Deposit Guarantee Directive was implemented into Dutch legislation on 26 November 2015. The Recast Deposit Guarantee Directive is implemented into the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*).

Further thereto, in November 2015 the EC has proposed a euro-area wide insurance scheme for bank deposits (also referred to as the EDIS). It is not yet clear whether and if so, when this will come into effect.

#### **The Issuer is subject to stress tests**

The banking sector, including the Issuer, is subject to periodic stress testing in respect of the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the European Banking Authority ("EBA"). Stress tests and the announcements of their results by supervisory authorities can destabilise the banking or financial services sector and lead to a loss of trust with regard to individual banks or financial services sector as a whole. The outcome of stress tests could negatively impact the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Issuer having to meet higher capital and liquidity requirements, which could have a negative impact on the Issuer's business, results of operations, profitability or reputation. In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Issuer had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a negative impact on the Issuer's business, results of operations, profitability or reputation.

#### **The Issuer is subject to changes in financial reporting standards or policies which could materially adversely affect the Issuer's reported results of operations and financial condition**

The Issuer's consolidated financial statements are prepared in accordance with IFRS as adopted in the EU, which is periodically revised or expanded. Accordingly, from time to time the Issuer is required to adopt new or revised accounting standards issued by recognised bodies, including the International Accounting Standards Board (IASB). It is possible that future accounting standards which the Issuer is required to adopt, or as a result of choices made by the Issuer, could change the current accounting treatment that applies to its consolidated financial statements and that such changes could have a material adverse effect on the Issuer's reported results of operations and financial condition and may have a corresponding impact on capital ratios.

For example, in July 2014 the IASB published the final version of IFRS 9 Financial Instruments. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and the mandatory effective date, subject to endorsement by the EU, is 1 January 2018. IFRS 9 will change the requirements for Classification and Measurement, Impairments and Hedge Accounting.

The Issuer is currently in the final stages of implementing IFRS 9. For the following areas there will be a significant impact on the financial statements, including equity, and capital ratios. The following impact is expected:

- **Classification and Measurement:** IFRS 9 transition-accounting allows the Issuer to reconsider the current treatment of a part of the mortgage portfolio, the DBV mortgages, historically elected to be accounted for at fair value. If the measurement basis will be changed to amortised cost, this results in a step up or step down from fair value to the amortised cost value at the date of transition. In case of a step down from fair value to the amortised cost value at the date of transition, this will have a negative impact on equity of the Issuer at transition, if the treatment is revised.



- Impairments: Under the impairment requirements of IFRS 9, credit risk provision will be based on expected losses rather than solely incurred losses and should incorporate forward looking information. As a result, credit risk provisions will increase and will likely become more volatile. The impact on transition from IAS 39 to IFRS 9 will largely be dependent on the (macro) economic circumstances at the moment of transition and the assets held by the Issuer at that time.

#### **The Issuer is exposed to risks of damage to its reputation**

The Issuer is exposed to the risk that, among other things, litigation, employee misconduct, operational failures, outcome of current and future investigations by regulatory authorities and press speculation and the possible negative publicity resulting therefrom, whether or not founded, will harm its reputation. The reputation of the Issuer could also be harmed if products or services developed or recommended by it do not perform as expected.

Negative publicity could, for example, be based on allegations that the Issuer does not or does not fully comply with regulatory requirements or anti-money laundering or bribery rules, or could result from negative publicity about a third party linked to the Issuer (such as an intermediary or a partner) or about politically exposed persons in the customer base of the Issuer. Furthermore, negative publicity could result from failures in the information technology systems of the Issuer, loss of customer data or confidential information, or failure in risk management procedures. Negative publicity could also, but not exclusively, result from any misconduct or malpractice relating to intermediaries, business promoters or third party managers linked to the Issuer. For example, certain of the financial products and services of the Issuer and its subsidiaries are distributed through third parties or form part of broader products and services sold by third parties. Any negative publicity in respect of such third parties or such broader products and services could also have negative consequences for the Issuer.

Any resulting damage to the reputation of the Issuer, in particular with a view to its focus on retail and SME customers and the concentration of its business in the Netherlands, could cause disproportionate damage to its business, regardless whether the negative publicity is factually accurate. Negative publicity could also be repeated by third parties, which could damage the reputation of the Issuer further.

Any damage to the reputation of the Issuer could cause existing customers to withdraw their business from the Issuer and potential customers to be reluctant or elect not to do business with the Issuer. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of the Issuer, which may make it more difficult for the Issuer to maintain its credit ratings.

#### **Litigation or other proceedings or actions may adversely affect the business, financial condition and results of operations of the Issuer**

The Issuer faces substantial legal risks in the conduct of its business. In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings (including, without limitation, class actions) against financial institutions are increasing. These legal risks could potentially involve, but are not limited to, disputes concerning violation of duty of care, the products and services in which the Issuer or any of its subsidiaries acts as principal, intermediary or otherwise. Increasingly, financial institutions are held liable by customers for actions of intermediaries even if there has been little to no control over the actions of such intermediaries. Companies in the Issuer's industry are increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving novel legal claims.

As the outcomes of possible legal proceedings cannot be predicted with certainty, it is not possible to rule out that a negative outcome may have a material negative financial impact on the capital position, results and/or cash flows of the Issuer. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Issuer. The costs to defend future actions

may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Issuer or any of its subsidiaries is ultimately found liable. As a result, litigation may adversely affect the Issuer's business, financial condition and results of operations (see also the risk factor '*The Issuer is exposed to risks of damage to its reputation*' and the paragraph '*Legal proceedings*' in the chapter '*de Volksbank N.V.*').

#### **The Issuer may be exposed to failures in its risk management systems**

The Issuer invests substantial time and effort in its strategies and procedures including statistical models, scenario analyses and stress tests for managing not only credit risk, but also other risks, such as strategic risk, market risk, liquidity risk, operational risk, reputation risk, legal risk, compliance risk, capitalisation risk and reporting risk. These strategies and procedures could nonetheless fail or not be fully effective under some circumstances, particularly if the Issuer is confronted with risks that it has not fully or adequately identified or anticipated. Some of the methods of the Issuer for managing risk are based upon observations of historical market behaviour. Statistical techniques are applied to these observations in order to arrive at quantifications of some of the risk exposures of the Issuer. These statistical methods may not accurately quantify the risk exposure of the Issuer if circumstances arise which were not observed in its historical data. For example, as the Issuer offers new products or services, the historical data may be incomplete or not accurate for such new products or services. As the Issuer gains a more complete and accurate set of data over time, it may need to make additional provisions.

If circumstances arise which the Issuer did not identify, anticipate or correctly evaluate in developing its statistical models, scenario analyses and stress tests its losses could be greater than the maximum losses envisaged by it. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risks prove insufficient, the Issuer may experience unanticipated losses.

#### **The Issuer is exposed to the risk of ineffective systems and processes, and interruption, failure or breach thereof**

The Issuer relies heavily on its operational processes, and communication and information systems in particular to conduct its business. Even with the back-up recovery systems and contingency plans that are in place, the Issuer cannot ensure that interruptions, failures or breaches in security of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- interruptions in the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion;
- interruptions or errors in management information and/or information reported to supervisory authorities;
- a violation of applicable regulations;
- inability to identify in time or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by employees of the Issuer or third parties, or telecommunication connection failures or hacking of the website portal of the Issuer or other cybercrime activities against the Issuer or its clients; and
- considerable costs in terms of, for example, information retrieval and verification.

The business operations of the Issuer are also vulnerable to interruption from fire, flood, bomb threats, explosions or other forms of terrorist activity and natural and man-made disasters. The same may apply for third parties on which the Issuer depends. Furthermore, the Issuer cannot ensure that interruptions, failures or breaches of its communication and information systems as a result of external fraud will not occur or, if they do occur, that they will be adequately addressed.

**While the Issuer manages its operational risks, these risks remain an inherent part of all of the Issuer's business**

The operational risks that the Issuer faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events may result in financial loss and may harm the reputation of the Issuer. Cybercrime risk is also a relevant and ongoing threat that may lead to an interruption of services to customers, loss of confidential information or erosion of trust and reputation. Additionally, inability to retain and attract key personnel could adversely affect its operations and results. The Issuer attempts to keep operational risks at appropriate levels by maintaining a well-controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these control measures mitigate operational risks they do not eliminate them.

**Risks related to the decision of the Minister of Finance regarding the future of de Volksbank**

On 1 October 2015, SRH N.V. ("**SRH**") (formerly known as SNS REAAL N.V. ("**SNS REAAL**")) announced that it transferred all shares of de Volksbank (formerly known as SNS Bank N.V. ("**SNS Bank**")) to the Dutch State on 30 September 2015 for a sum of €2.7 billion at which time the name of SNS REAAL was changed into SRH. The Dutch State immediately transferred de Volksbank to holding company de Volksholding B.V. (formerly known as SNS Holding B.V.). The shares in de Volksholding B.V. were also obtained by the Dutch State from SRH and subsequently transferred by the Dutch State to *Stichting administratiekantoor beheer financiële instellingen* (NL, Financial Investments "**NLFI**") in exchange for certificates of deposit (see the paragraph '*Incorporation and ownership*' in the chapter '*de Volksbank N.V.*').

On 1 July 2016, the Dutch Minister of Finance sent a letter to the Dutch House of Representatives (the "**House of Representatives**") on the future of and privatisation options for the Issuer. In this letter the Minister of Finance subscribed NLFI's conclusion that it is too early to make a decision on de Volksbank's future and that execution of the strategic plan of de Volksbank will require two to three years to achieve long term optimal value creation. Therefore, the Minister of Finance will decide on the future of de Volksbank at a later stage.

In relation to such decision of the Minister of Finance and to regain a strong position in the Dutch banking landscape, de Volksbank intends to tighten its brand positioning. In addition, de Volksbank intends to further simplify and enhance the efficiency of its business operations through digitalisation of processes and products, which aims to allow de Volksbank to achieve a sustainable and lower cost level. Finally, to keep pace with technological developments, de Volksbank will follow innovations in the area of core banking functions and intends to innovate with a focus to constantly improve customer service.

During the period in which de Volksbank seeks to regain a strong position in the Dutch banking landscape and until the Minister of Finance has made a decision, de Volksbank will continue to examine its future options in consultation with the shareholder, potential investors, regulatory authorities and employees. If such decision of the Minister of Finance is made or the strategy as set out above is not accomplished or not effective, this could result in a change to the strategy, management and risk profile of the Issuer. There can be no assurance that the decision of the Minister of Finance or a change in strategy would not adversely affect the Issuer's credit rating, the ability of the Issuer to effectively conduct its business or to satisfy its obligations under the Notes.

In addition, a change of ownership of the Issuer could result in key contracts being terminated by the counterparties to such contracts (including pursuant to termination rights that are exercisable upon such a change in ownership), which could give rise to material disruptions to the Issuer's business, additional costs to renegotiate those contracts, difficulties in managing its operations, and adverse impacts on the Issuer's customers. As a result of these effects, the eventual change in ownership could have a material adverse effect on the Issuer's business, revenues, results of operations, financial position and prospects.

On 14 September 2017, the Dutch Minister of Finance sent a letter to the Dutch House of Representatives reaffirming NLF's conclusion in its progress report of September 2017 that de Volksbank will need the time remaining of the original two to three years to create optimal long term value and that future options will be elaborated on as soon as de Volksbank is sufficiently ready for him to make a decision.

#### **The Issuer has issued guarantees**

The Issuer has provided guarantees as referred to in Article 2:403 of the Dutch Civil Code (the "**403-guarantee**") (exemption from filing and publishing financial statements).

The Issuer currently has issued 403-guarantees for the following subsidiaries: ASN Duurzame Deelnemingen N.V., ASN Vermogensbeheer B.V., Pettelaar Effectenbewaarbedrijf N.V., SNS Mortgage Receivables B.V., SNS Global Custody B.V., and Holland Woningfinanciering N.V. In the 403-guarantee the Issuer declares itself to be jointly and severally liable for the obligations of the relevant subsidiary resulting from legal acts executed by it. If enforced in accordance with its terms, the Issuer may be held liable under these guarantees and therefore may have to pay to that creditor of the relevant subsidiary. Such enforcement of the 403-guarantee could have an adverse effect on the financial position of the Issuer.

On 7 August 2014, SNS REAAL (currently SRH), the former holding company of the Issuer, withdrew the 403-guarantee for the Issuer including any remaining liabilities thereunder. For the avoidance of doubt, Noteholders will therefore not be able to invoke a claim against SNS REAAL on the basis of a 403-guarantee with respect to a claim of such Noteholder against the Issuer.

Following the transfer of the shares of SNS Property Finance B.V. (renamed to Propertize B.V., "**Propertize**") via the Dutch State to NLF on 31 December 2013, the Issuer withdrew the 403-guarantee for Propertize on 31 December 2013. It also terminated the remaining liability pursuant to Article 2:404 of the Dutch Civil Code. The Issuer also withdrew the 403-guarantees for four subsidiaries of Propertize on 31 December 2013, and terminated the remaining liability.

The 403-guarantee and remaining liability was irrevocably terminated for all creditors of Propertize, with the exception of two creditors of Propertize. They objected to the termination of the remaining liability of the Issuer during the objection period. On 9 December 2015 the Enterprise Chamber ruled that the 403-guarantee issued by the Issuer may not be withdrawn against these two creditors. The Issuer and SRH (the former SNS REAAL) appealed to the Supreme Court on this judgment of the Enterprise Chamber. On 31 March 2017 the Supreme Court rejected the appeal which implicates that the 403-guarantee remains in place towards these two creditors.

Given that Propertize is adequately capitalized according to its annual report 2016, the Issuer expects Propertize to be able to meet the current potential obligations towards these two creditors. Consequently the Issuer deems the chance that the 403-guarantee will be invoked limited. Furthermore, if the Issuer is requested to pay under the 403-guarantee, it can take recourse against Propertize.

Some counterparties of Propertize who conduct legal proceedings against Propertize have thereby also arraigned SNS REAAL (currently known as SRH) and/or SNS Bank (currently known as de Volksbank). The legal basis of this is unclear and de Volksbank considers the potential success of these claims against de Volksbank to be limited. No specific agreements were made about these claims upon the transfer of Propertize on 31 December 2013. See also section 'de Volksbank N.V.' under '*Legal Proceedings - Guarantees pursuant to Article 2:403 of the Dutch Civil Code for Propertize et al.*'

Following the transfer of the shares of SNS Securities N.V. to a subsidiary of NIBC Bank N.V. on 30 June 2016, the Issuer withdrew the 403-guarantee for SNS Securities N.V. on 30 June 2016. It also terminated the remaining liability pursuant to Article 2:404 of the Dutch Civil Code.

On 31 December 2016, the Issuer merged with its subsidiaries ASN Bank N.V. ("**ASN Bank**") and RegioBank N.V. ("**RegioBank**") whereby ASN Bank and RegioBank as disappearing entities merged with SNS Bank (the legal predecessor of de Volksbank) as acquiring entity (the "**Merger**"). This Merger resulted in the disappearance of ASN Bank and RegioBank as separate legal entities. The 403-guarantees issued for ASN Bank and RegioBank have lapsed as a result of the Merger. On 1 January 2017, SNS Bank changed its legal name to 'de Volksbank N.V.'.

**The Issuer's extensive network of intermediaries is an important distribution channel and the Issuer may be unable to maintain a competitive distribution network**

The Issuer uses a variety of distribution channels in the Netherlands for the marketing and offering of its products and services, including its network of branches, the internet, call centres, intermediaries and partnerships (special distribution).

A substantial part of the Issuer's business originates from distribution of its products and services by intermediaries who may also offer competitors' products and services. As a result, the success of the Issuer through these distribution channels depends on these intermediaries. Intermediaries' preferences are mainly determined by product quality, the services offered to customers and the support services. In light of current legislation, the level of compensation has become a less distinct feature for the intermediaries (for residential mortgages the level of compensation is not such feature anymore for intermediaries). The Issuer may not succeed in continuing to provide sufficient incentives to intermediaries to market its products and services successfully.

In seeking to attract and retain productive intermediaries, the Issuer competes with other financial institutions primarily on the basis of their support services, product features, financial position, and to a lesser extent compensation. The Issuer may not continue to succeed in attracting and retaining new (productive) intermediaries or maintaining the current quality and/or quantity of its distribution networks.

**A significant portion of the Issuer's business relates to the Issuer's dealings with third parties**

A significant portion of the business of the Issuer relates to products and services which it offers in co-operation with third parties or in relation to which it depends on third parties, for example for the distribution of such products and services. The Issuer cannot assure that these third parties will continue their co-operation, that the relationships with these third parties will continue to be beneficial or that the Issuer will be able to sustain its ability to successfully develop and market the products and services which are developed together with third parties.

Negative publicity about these third parties, whether or not founded, could also harm the reputation of the Issuer.

**Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer**

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto may create economic and political uncertainties, which could have a negative impact on the economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted.

**Noteholders may be subject to U.S. federal withholding tax under FATCA under certain circumstances**

Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly known as "**FATCA**") impose a 30% withholding tax on certain payments to certain non-U.S. financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect United States shareholders and/or United States accountholders. United States accountholders subject to such information reporting or certification requirements may include holders of certain Notes and the Issuer may be required to withhold on a portion of any payment made under such Notes. In addition, the Issuer may be required to withhold on a portion of any payment under any Note that is made to a non-U.S. financial institution that has not agreed to comply with these information reporting requirements. Such withholding may be imposed at any point in a chain of payments if a non-U.S. payee fails to comply with U.S. information reporting, certification and related requirements. Accordingly, Notes held through a non-compliant institution may be subject to withholding even if the Noteholder otherwise would not be subject to withholding. Under U.S. Treasury regulations, such withholding will generally not apply to payments made on the Notes before 1 January 2019 unless interest paid on a Note was treated as derived from sources within the United States for U.S. federal income tax purposes. Moreover, in certain cases, such withholding will only apply to Notes issued at least six months after the date on which final regulations implementing such rules are published in final form. It is impossible to determine at this time what impact, if any, these rules will have on Noteholders.

Under the Netherlands-U.S. intergovernmental agreement in respect of FATCA ("**IGA**") and implementing legislation, financial institutions in the Netherlands generally will be able to be treated as deemed compliant with FATCA if it satisfies certain requirements. A financial institution in the Netherlands that complies with its obligations under the IGA generally will not be subject to FATCA withholding on amounts it receives, and generally will not be required to make FATCA withholding from payments it makes with respect to the Notes, other than in certain prescribed circumstances.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments under the Notes as a result of FATCA, none of the Issuer, any Paying Agent or any other person would, pursuant to Condition 9 of the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Prospective Noteholders should consult their own tax advisors regarding the possibility of withholding under FATCA, and the general effect of FATCA, in their individual circumstances.

**For payment under Notes the Issuer may be dependent on dividend payments received from its subsidiaries**

In order to fulfill its payment obligations under the Notes it issues, the Issuer may be dependent on dividend payments received from its subsidiaries. Furthermore, the paying of dividend by regulated entities within the Issuer's group, including the Issuer, may be limited by applicable legislation or supervisory authorities.

**The performance of the Issuer depends on its ability to accurately price its products and services**

The results of operations and the financial condition of the Issuer depends, among other things, on its ability to set rates and prices accurately. Rate adequacy is necessary to generate sufficient premiums to pay losses and expenses and to earn profits on income.

The ability of the Issuer to price its products and services accurately is subject to a number of uncertainties. As a result, rates and prices of products and services may be determined on the basis of inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies. If the Issuer fails to establish adequate rates and prices for its products and services, its revenues could decline while its expenses increase resulting in proportionately greater losses.

## **RISK FACTORS REGARDING THE NOTES**

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

Several types of Notes may be issued under the Programme. Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common 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 may also be true prior to any redemption period. The Issuer may be expected to redeem Notes it has issued 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.

#### ***Redemption, substitution and variation risk in respect of Resolution Notes and Subordinated Notes (including Tier 2 Notes as defined in Condition 1 of the Terms and Conditions of the Notes)***

If "Regulatory Call" is specified in the applicable Final Terms, the Issuer may upon the occurrence of a Capital Event (as defined in Condition 8(f) of the Terms and Conditions of the Notes) redeem the Subordinated Notes, in whole but not in part, at any time, if the Issuer has notified the relevant Subordinated Noteholders (as defined in Condition 4 of the Terms and Conditions of the Notes) on giving not less than 30 nor more than 60 days' irrevocable notice, or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15. Additionally, redemption of the Subordinated Notes is subject to (i) the prior (written) permission of the Competent Authority provided that at the relevant time such permission is required to be given pursuant to Article 77 CRD IV Regulation and (ii) the Issuer demonstrating to the satisfaction of the Competent Authority that it meets the conditions in Article 78 CRD IV Regulation, which may include requiring the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer.

If "Regulatory Call" is specified in the applicable Final Terms, the Issuer may upon the occurrence of an MREL Event (as defined in Condition 8(f) of the Terms and Conditions of the Notes) redeem the Resolution Notes, in whole but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the holder of Resolution Notes, or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15.

An optional redemption feature of Resolution Notes or Subordinated Notes is likely to limit their market value. During any period when the Issuer may elect to redeem such Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Resolution Notes or Subordinated Notes it has issued when its cost of borrowing is lower than the interest rate on the Resolution Notes or Subordinated Notes respectively. 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 Resolution Notes or Subordinated 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.

If "Variation or Substitution" is specified in the applicable Final Terms and if a Capital Event and/or a CRD IV Capital Event and/or (if ALAC Event is specified in the applicable Final Terms as being applicable) an ALAC Event (each as defined in Condition 8(f) of the Terms and Conditions of the Notes) has occurred and is

continuing, then the Issuer may, subject to the prior (written) permission of the Competent Authority provided that at the relevant time such permission is required to be given (but without any requirement for the permission of the Subordinated Noteholders) and on giving not less than 30 nor more than 60 days' irrevocable notice in accordance with Condition 14 to the Subordinated Noteholders, either substitute all, but not some only, of the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and/or (if ALAC Event is specified in the applicable Final Terms as being applicable) are eligible under the ALAC of the Issuer.

If "Variation or Substitution" is specified in the applicable Final Terms, the Issuer may upon the occurrence of an MREL Event and/or (if ALAC Event is specified in the applicable Final Terms as being applicable) an ALAC Event and/or (in respect of the Resolution Notes only) an Alignment Event (each as defined in Condition 8(f) of the Terms and Conditions of the Notes), at its option and at any time substitute the Resolution Notes, in whole but not in part, or vary the terms of all (but not some only) of the Resolution Notes, without any requirement for the consent or approval of the holders of Resolution Notes in such a way that they are eligible for the purposes of the MREL Requirement and/or (if ALAC Event is specified in the applicable Final Terms as being applicable) are eligible under the ALAC of the Issuer and/or are subject to the Senior Non-Preferred Legislation (as defined in Condition 8(f) of the Terms and Conditions of the Notes) on giving not less than 30 nor more than 60 days' irrevocable notice to the holders of Resolution Notes, or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15.

The terms and conditions of such varied or substituted Resolution Notes or Subordinated Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Resolution Notes or Subordinated Notes. However, the Issuer cannot make changes to the terms of the Resolution Notes or Subordinated Notes or substitute the Resolution Notes or Subordinated Notes for securities that are materially less favourable to the interests of holders of Resolution Notes or Subordinated Noteholders and following such variation or substitution the resulting securities must have at least, *inter alia*, the same ranking, interest rate, maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Resolution Notes or Subordinated Notes. Nonetheless, no assurance can be given as to whether any of these changes will negatively affect any particular holder of Resolution Notes or Subordinated Noteholder. In addition, the tax and stamp duty consequences of holding such varied or substituted Notes could be different for some categories of holders of Resolution Notes or Subordinated Noteholders from the tax and stamp duty consequences of their holding the Resolution Notes or Subordinated Notes prior to such variation or substitution. See Condition 8(f) of the Terms and Conditions of the Notes for further details.

***Limitation on obligation to pay additional amounts under Condition 9(b) (Taxation) with respect to Tier 2 Notes and Resolution Notes***

Any obligation under Condition 9(b) of the Terms and Conditions of the Notes to pay additional amounts in the event of any withholding or deduction in respect of taxes on any payments of principal and interest under the Notes applies in respect of Tier 2 Notes and, provided at the relevant time that the applicability of the following obligation to pay additional amounts under Condition 9(b) entails that the Resolution Notes would not qualify as being eligible for purposes of the Issuer's MREL Requirement, in respect of Resolution Notes, only to payments of interest and not to payments of principal. In the event withholding or deduction in respect of taxes is required by law, and Condition 9(b) is specified in the applicable Final Terms, no additional amounts shall be payable by the Issuer in respect of payments of principal with respect to any Tier 2 Notes and, provided at the relevant time that the applicability of the following obligation to pay additional amounts under Condition 9(b) entails that the Resolution Notes would not qualify as being eligible for purposes of the Issuer's MREL Requirement, with respect to any Resolution Notes, while the Issuer shall pay additional amounts in respect of payments of principal with



respect to any Note other than a Tier 2 Note or a Resolution Note. In such event, holders of Tier 2 Notes or Resolution Notes may receive less than the full amount of principal due under such Notes upon redemption, while holders of Notes other than Tier 2 Notes or Resolution Notes will, subject to certain exceptions, receive the full amount of principal due under such Notes upon redemption. The limited obligation to pay additional amounts under Condition 9(b) in respect of Tier 2 Notes and Resolution Notes may adversely affect the market value of Tier 2 Notes and Resolution Notes. As of the date of this Base Prospectus, all payments of principal and interest under the Notes can be made free of withholding or deduction of any taxes in the Netherlands, unless the Notes qualify as equity of the Issuer for Netherlands tax purposes. The Notes qualify as equity of the Issuer if each of the following conditions is met (i) the Notes carry an interest dependent on the profits of the Issuer; (ii) the Notes have a maturity in excess of 50 years, and (iii) the Notes are subordinated.

#### ***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 ability of the Issuer 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.

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

The market values of securities issued at a substantial discount or premium from their principal amount, such as Zero Coupon Notes, 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.

#### ***Dual Currency Notes***

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. Prospective investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest; and
- (iii) payment of interest may occur at a different time or in a different currency than expected.

#### ***Issues of Resolution Notes; limited rights to accelerate***

The Issuer may issue Notes under the Programme which are subordinated to the extent described in Condition 3 of the Terms and Conditions of the Notes. Any such Resolution Notes and the related Receipts and Coupons constitute unsecured obligations of the Issuer and rank in an insolvency situation:

- (i) *pari passu* without any preference among the Resolution Notes themselves and the related Receipts and Coupons and with all other present and future unsecured obligations of the Issuer (other than those obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank either in priority or junior to the Resolution Notes);
- (ii) senior to:
  - a) the Issuer's ordinary shares and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Resolution Notes, including any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital or Tier 2 Capital (both terms as

- defined in the Terms and Conditions of the Notes) or which rank or are expressed to rank *pari passu* with Additional Tier 1 Capital or Tier 2 Capital; and
- b) the Subordinated Notes; and
  - (iii) junior to the Senior Notes and unsubordinated obligations ranking *pari passu* to Senior Notes (and those obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank in priority of Senior Notes).

As a result, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 3 of the Terms and Conditions of the Notes), the claims of holders of Resolution Notes against the Issuer are subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms, subject to applicable law, to rank equally to or lower than the Resolution Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) the Senior Notes (collectively "**Claims Senior to Resolution Notes Claims**"). By virtue of such subordination, payments to a Resolution Noteholder 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 or netting by a Resolution Noteholder shall be excluded until, all obligations of the Issuer resulting from Claims Senior to Resolution Notes Claims have been satisfied. A holder of a Resolution Note may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to any Resolution Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date of the relevant Resolution Notes.

In addition, the rights of holders of Resolution Notes may be limited in certain respects. The Issuer may have to obtain the prior (written) permission of the Competent Authority before effecting any repayment of Resolution Notes following an Event of Default (as defined and further set out in Condition 11 of the Terms and Conditions of the Notes). See Condition 11 of the Terms and Conditions for further details. Also, the exercise by holders of Resolution Notes of a right of set-off or netting, or counterclaim, may be restricted, as further set out in Condition 3.

The Issuer may have the option to, in certain circumstances, redeem the Resolution Notes prior to maturity pursuant to and in accordance with Conditions 8(b), (c), (d) or (f) of the Terms and Conditions of the Notes. See also the risk factor above '*Notes subject to optional redemption by the Issuer*'.

Although Resolution Notes may have the benefit of a higher Rate of Interest than comparable Notes, there is a greater risk that an investor in Resolution Notes will lose all or some of his investment should the Issuer become insolvent.

Holders of Resolution Notes will only have limited rights to accelerate repayment of the principal amount of the Resolution Notes. See Condition 11(iii)(iv) (*Events of Default*) of the Terms and Conditions, which limits the events of default to (i) the Issuer being declared bankrupt or a declaration in respect of the Issuer being made under Article 3:163(1)(b) of the Wft by a competent court and (ii) an order being made or an effective resolution being 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 or this involves a solvent liquidation. Accordingly, if the Issuer fails to meet any interest payment or other obligations under the Resolution Notes, such failure will not give holders of Resolution Notes any right to accelerate repayment of the principal amount of the Resolution Notes.

***Issues of Subordinated Notes; limited rights to accelerate***

The Issuer may issue Notes under the Programme which are subordinated to the extent described in Condition 4 of the Terms and Conditions of the Notes. Any such Subordinated Notes and the related Receipts and Coupons constitute unsecured subordinated obligations of the Issuer and rank in an insolvency situation:

- (i) *pari passu* without any preference among the Subordinated Notes themselves and the related Receipts and Coupons and with all other present and future unsecured subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank either in priority or junior to the Subordinated Notes); and
- (ii) junior to those subordinated obligations expressed by their terms to rank in priority to the Subordinated Notes and those preferred by mandatory and/or overriding provisions of law.

As a result, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 4 of the Terms and Conditions of the Notes), the claims of Subordinated Noteholders against the Issuer are subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms, subject to applicable law, to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) other unsubordinated claims and (d) subordinated claims expressed by their terms to rank in priority to the Subordinated Notes (collectively "**Senior Claims**"). By virtue of such subordination, payments to a Subordinated Noteholder 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 or netting by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from Senior Claims have been satisfied. A Subordinated Noteholder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated or senior subordinated liabilities of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the Issue Date of the relevant Subordinated Notes.

In addition, the rights of Subordinated Noteholders may be limited in certain respects. The Issuer may have to obtain the prior (written) permission of the Competent Authority before effecting any repayment of Subordinated Notes following an Event of Default (as defined and further set out in Condition 11 of the Terms and Conditions of the Notes). See Condition 11 of the Terms and Conditions for further details. Also, redemption of Subordinated Notes at the option of the holders of Subordinated Notes may be restricted, as further set out in Condition 8(e). Furthermore, the exercise by holders of Subordinated Notes of a right of set-off or netting, or counterclaim, is restricted, as further set out in Condition 4.

The Issuer may have the option to, in certain circumstances, redeem the Subordinated Notes prior to maturity pursuant to and in accordance with Conditions 8(b), (c), (d) or (f) of the Terms and Conditions of the Notes.

Although Subordinated Notes may have the benefit of a higher Rate of Interest than comparable Notes which are not subordinated, there is a greater risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent. See also the risk factor above '*Notes subject to optional redemption by the Issuer*'.

Subordinated Noteholders will only have limited rights to accelerate repayment of the principal amount of Subordinated Notes. See Condition 11(iii)(iv) (*Events of Default*) of the Terms and Conditions, which limits the events of default to (i) the Issuer being declared bankrupt or a declaration in respect of the Issuer being made under Article 3:163(1)(b) of the Wft by a competent court and (ii) an order being made or an effective resolution being 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 or this involves a solvent liquidation. Accordingly, if the Issuer fails to meet any interest payment or other obligations under the Subordinated Notes, such failure will not give Subordinated Noteholders any right to accelerate repayment of the principal amount of the Subordinated Notes.

#### ***Write-down and conversion of capital instruments and Resolution***

If the Issuer would be deemed no longer viable (or one or more other conditions as set out in Article 21 SRM Regulation apply, "**Non-Viability Event**") the Issuer may be subject to the write-down, cancellation or conversion of relevant capital instruments issued by it (or in cooperation with it) (i.e. Common Equity Tier 1 items, Additional Tier 1 instruments and Tier 2 instruments, each as referred to in the CRD IV Regulation) and either independently (i.e. separate from a resolution action) or in combination with a resolution action (such as the application of a transfer tool and/or the bail-in tool, discussed below). This measure is referred to as the write-down and conversion of capital instruments tool ("**WDCCI**"). The WDCCI can be exercised in order to write-down, cancel or convert the relevant capital instruments into shares or other instruments of ownership. The WDCCI should be exercised in accordance with a certain order of priority, as described below, although exceptions may apply. WDCCI could adversely affect the rights and effective remedies of holders of any Notes qualifying as Tier 2 Notes and the market value of such Notes could be negatively affected. The implementation of the TLAC standard into EU law (see above under 'Capital and/or liquidity requirements may adversely affect the business of the Issuer') may - further to potential changes to the MREL eligibility requirements - also entail an extension of the scope of the aforementioned write-down and conversion powers (in addition to capital instruments) to other instruments that count towards the Issuer's MREL (such as Resolution Notes that count towards the Issuer's MREL), although the EU Banking Reforms currently limit this extension to certain intragroup eligible liabilities.

If the Issuer would be deemed to fail or likely to fail and the other resolution conditions (as set out in Article 18 SRM Regulation) would also be met, the Issuer may be placed under resolution ("**Resolution Event**"). The resolution authority may in the event of resolution decide to apply certain resolution tools, subject to the general resolution objectives and principles laid down in the SRM Regulation. These resolution tools include the sale of business tool, the bridge institution tool and the asset separation tool, each of which, in summary, provides for a transfer of certain assets and/or liabilities of the Issuer to a third party. In addition, the SRM provides for the bail-in tool. The bail-in tool may be applied to recapitalize the Issuer (whether or not in combination with one of the aforementioned transfer tools) or convert to equity or reduce the principal amount of claims or debt instruments of the Issuer that have been transferred pursuant to one of the aforementioned transfer tools. The bail-in tool extends further than WDCCI (subject to potential changes in the future, as discussed above), and may also result in the write-down or conversion of eligible liabilities of the Issuer (such as Resolution Notes and Senior Notes), in accordance with a certain order of priority (see below). In order to ensure the effectiveness of the bail-in tool, the SRM prescribes at all times a minimum requirement for own funds and eligible liabilities (i.e. the MREL) which may be subject to the bail-in tool.

The resolution authority should take the write-down and conversion steps in the following order (subject to certain exceptions, such as the exclusion or partial exclusion by the resolution authority of certain liabilities from the bail-in tool, and potential changes in the future):

- (i) Common Equity Tier 1 items;
- (ii) principal amount of Additional Tier 1 instruments;
- (iii) principal amount of Tier 2 instruments;
- (iv) principal amount of other subordinated debt (not Additional Tier 1 or Tier 2 instruments), in accordance with hierarchy of claims in normal insolvency proceedings; and
- (v) principal amount of other not excluded liabilities, in accordance with hierarchy of claims in normal insolvency proceedings.

For the avoidance of doubt, WDCCI can under the current Resolution Framework only extend to the instruments referred to under (i), (ii) and (iii) while the bail-in tool may also result in the write-down or conversion of the liabilities referred to under (iv) and (v).

This entails that the resolution authority should take the write-down and conversion steps among the Notes in the following order (again, subject to certain exceptions and potential changes in the future):

- (i) Subordinated Notes qualifying as Tier 2 Notes;
- (ii) Subordinated Notes that do not qualify as Tier 2 Notes;
- (iii) Resolution Notes; and
- (iv) Senior Notes.

It follows from the above that all relevant capital instruments and eligible liabilities are capable of being fully and permanently written down or converted fully into shares or other instruments of ownership if the Issuer is subjected to WDCCI in a Non-Viability Event or the WDCCI and/or bail-in tool in a Resolution Event (such write down or conversion into shares or other instruments of ownership of the outstanding principal and accrued and unpaid interest in respect of Notes, "**Statutory Loss Absorption**").

Any written-down amount as a result of Statutory Loss Absorption shall be irrevocably lost and holders of such Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write down. Such Statutory Loss Absorption shall not constitute an Event of Default and the Noteholders will have no further claims in respect of the amount so written down or the amount subject to conversion or otherwise as a result of such Statutory Loss Absorption.

The occurrence of a Non-Viability Event or Resolution Event may be unpredictable and may depend on a number of factors which may be outside of the Issuer's control. The resolution authority may require or may cause a write down (or apply any other measure under the Applicable Resolution Framework; see above under '*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*'), in circumstances that are beyond the control of the Issuer and with which the Issuer may not agree. It is possible that the resolution authority will use its powers under the Applicable Resolution Framework (see '*Risk Factors regarding the Issuer*' under '*Amendments to regulatory framework and/or regulations governing the Issuer's business*' and '*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*'), to force a write down or conversion, which could result in subordinated and/or senior debt instruments of the Issuer absorbing losses (such as the Notes).

Because of the inherent uncertainty regarding the determination of whether a Non-Viability Event or Resolution Event exists, it will be difficult to predict when, if at all, a write down will occur. Accordingly, market prices and trading strategy in respect of Notes which may be subject to Statutory Loss Absorption may differ from other types of securities. Any indication that the Issuer may be subject to a recovery or resolution measure, including that the Notes may become subject to Statutory Loss Absorption, could have an adverse effect on tradability and/or the market price of the relevant Notes. Potential investors should consider the risk that it may lose all of its investment in such Notes (subject to the hierarchy of write down and conversion), including the principal amount plus any accrued but unpaid interest, in the event that a recovery or resolution procedure (including Statutory Loss Absorption) occurs.

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

Set out below is a brief description of certain risks relating to the Notes generally.

#### *Modification, waivers and substitution*

The 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.

The conditions of the Notes also provide that the Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of any of the provisions of Notes which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 18 of the Terms and Conditions of the Notes or (iv) the variation or substitution of certain Subordinated Notes and/or Resolution Notes in the circumstances described in Condition 8(f) of the Terms and Conditions of the Notes.

#### *Eurosystem eligibility*

Notes may be held in a manner which will allow Eurosystem (as defined under '*Form of the Notes*') eligibility. This means that such 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 intraday 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.

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

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. See also '*Taxation*' and Condition 9 of the Terms and Conditions of the Notes.

#### *Notes held in global form*

The Notes will initially be held by a common depositary or common safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg or by Euroclear Nederland, in each case in the form of a global Note which may be exchangeable for definitive Notes in limited circumstances as more fully described in the section headed '*Form of the Notes*' below. For as long as any Notes are represented by a global Note held by a common depositary in the case of a CGN, or a common safekeeper in the case of a NGN, on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on a global Note will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The bearer of the relevant global Note, being the common depositary or common safekeeper for Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland, shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Notes represented by such global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes. Delivery (*uitlevering*) of definitive Notes represented by a Global Note deposited with Euroclear Nederland shall only be possible in the limited circumstances as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*, "**Wge**") (as amended from time to time) and such delivery will be made in accordance with the Wge and the rules and regulations of Euroclear Nederland (as amended from time to time).

In relation to any issue of Notes which have a denomination of € 100,000 (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 € 100,000 (or its equivalent in any other currency) that are not integral multiples of € 100,000 (or its equivalent in any other currency). 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 Nederland, as the case may be.

#### *Nominee Arrangements*

Where, in the case of an issue of Notes a nominee service provider is used by an investor to hold the relevant Notes or such investor holds interests in any Series of Notes through accounts with a clearing system (such as Euroclear, Clearstream, Luxembourg or Euroclear Nederland), such investor will receive payments in respect of principal, interest, (if any) or any other amounts due, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or clearing system, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or clearing system to distribute all payments attributable to the relevant Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or clearing system, as well as the Issuer.

For the purposes of (a) distributing any notices to Noteholders, and (b) recognising Noteholders for the purposes of attending and/or voting at any meetings of Noteholders, the Issuer will recognise as Noteholders only those persons who are at any time shown as accountholders in the records of Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland as persons holding a principal amount of the relevant Series of Notes. Accordingly, an investor must rely upon the nominee service provider which is the accountholder with the relevant clearing system through which the investor made arrangements to invest in the Notes (and, if applicable, the domestic clearing system through which the Notes are held), to forward notices received by it from Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland and to return the investor's voting instructions or voting certificate application to Euroclear and/or Clearstream, Luxembourg or Euroclear Nederland. Accordingly, such an investor will be exposed to the risk that the relevant nominee service provider or clearing system may fail to pass on the relevant notice to, or fail to take relevant instructions from, the investor. In addition, such a Noteholder will only be able to sell any Note held by it prior to its stated maturity date with the assistance of the relevant nominee service provider.

None of the Issuer, the Arranger, any Dealer to be appointed under the Programme or the Agent shall be responsible for the acts or omissions of any relevant nominee service provider or clearing system nor makes any representation or warranty, express or implied, as to the services provided by any relevant nominee service provider or clearing system.

#### *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 judicial decision or 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. Dutch law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

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

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

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in 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 significantly change (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 (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) 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 at all.

*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 ratings may not reflect all risks*

Credit ratings may not reflect all risks and the methodologies of determining credit ratings may be changed from time to time leading to potential downgrades.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant.

Such change may, among other factors, be due to a change in the methodology applied by a rating agency to rating securities with similar structures to the Notes, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally. Noteholders and prospective investors should be aware that such a change in the methodology of a rating agency could result in certain series of Notes being downgraded, potentially to non-investment grade (if the relevant Notes are issued before the new methodology is applied by a rating agency to such Notes) or receiving a lower rating than that is currently expected from that rating agency (if the relevant Notes are issued after the new methodology is applied by that rating agency to such Notes).



In the event that a rating assigned to the Notes or the Issuer is subsequently lowered for any reason, the market value of the Notes is likely to be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

*Return on an investment in Notes will be affected by charges incurred by investors*

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

*A reset of the interest rate could affect the market value of an investment in the Notes*

Fixed Rate Notes may bear interest at an initial Rate of Interest subject to one or more resets during the tenor of the Notes. Such reset rate could be less than the initial Rate of Interest and could affect the market value of an investment in the Notes.

*Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its own legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

*General risks*

The value of the Notes may be influenced by national and international political, economic, social, environmental circumstances and developments.

## OVERVIEW OF THE PROGRAMME

The following provides an overview of the parties and the principal features of the Programme. The overview must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Prospectus. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference.

<b>Issuer:</b>	de Volksbank N.V. is incorporated under Dutch law as a public company ( <i>naamloze vennootschap</i> ) and has its corporate seat in Utrecht and is registered with the Commercial Register of the Chamber of Commerce under number 16062330. Its registered address is Croeselaan 1, 3521 BJ Utrecht, the Netherlands. The telephone number is tel. +31 (0)30 291 5200.
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. These are set out under ' <i>Risk Factors</i> ' above and include the fact that the Issuer's results can be adversely affected by (i) general economic conditions, (ii) competition, (iii) regulatory change and (iv) standard banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risk. In addition, there are certain factors which are material for the purpose of assessing the risks associated with Notes - see ' <i>Risk Factors Regarding the Notes</i> ' in this Prospectus.
<b>Description:</b>	Debt Issuance Programme of de Volksbank N.V.
<b>Arranger:</b>	Coöperatieve Rabobank U.A. (Rabobank)
<b>Dealers:</b>	Coöperatieve Rabobank U.A. (Rabobank), de Volksbank and any additional Dealers appointed by the Issuer from time to time.
<b>Regulatory Matters:</b>	Notes 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 ' <i>Subscription and Sale</i> ' below).
<b>Issuing and Principal Paying Agent:</b>	Banque Internationale à Luxembourg SA (" <b>BIL</b> ")
<b>Amsterdam Paying Agent:</b>	Coöperatieve Rabobank U.A. (Rabobank)
<b>Amsterdam Listing Agent:</b>	de Volksbank N.V.
<b>Size:</b>	Subject as set out herein, the maximum aggregate nominal amount of the Notes from time to time outstanding under the Programme issued by the Issuer will not exceed € 25,000,000,000 (or its

equivalent in any other currency calculated as described herein). The Issuer may increase the amount of the Programme in accordance with the terms of the Dealership Agreement (as defined below).

**Distribution:** Notes may be distributed by way of public offers or private placements and in each case on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be specified in the applicable Final Terms.

**Currencies:** 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, Danish kroner, euro, Hong Kong dollars, pound sterling, Swiss francs, United States dollars and Japanese yen.

**Maturities:** Any maturity, subject to applicable laws, regulations and restrictions and subject, in the case of Subordinated Notes, to a minimum maturity of five years.

**Issue Price:** Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:** Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Note.

Each global Note which is not intended to be issued in the form of a new global Note (a "**New Global Note**" or "**NGN**"), being a classic global Note (a "**Classic Global Note**" or "**CGN**"), as specified in the applicable Final Terms, will be deposited on or around the relevant Issue Date either (i) with a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system or (ii) with Euroclear Nederland and each global Note which is intended to be issued in NGN form, as specified in the applicable Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

The temporary global Note will be exchangeable as described therein for, as specified in the applicable Final Terms, either a permanent global Note or definitive Notes upon satisfaction of 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. A permanent global Note (other than a permanent global Note deposited with Euroclear Nederland) is exchangeable for definitive Notes only upon the occurrence of an Exchange Event, as described in '*Form of the Notes*' below. Delivery (*uitlevering*) of definitive Notes represented by a Global Note deposited with Euroclear Nederland shall only be possible in the limited circumstances as described in

the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*, "Wge") (as amended from time to time) and such delivery will be made in accordance with the Wge and the rules and regulations of Euroclear Nederland (as amended from time to time). 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 and/or any other agreed clearing system or (ii) Euroclear Nederland, as appropriate.

**Fixed Rate Notes:**

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 specified in the applicable Final Terms).

**Floating Rate Notes:**

Floating Rate Notes will bear interest either at a rate determined 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 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer (as specified in the applicable Final Terms). The Margin (as specified in the applicable Final Terms) (if any) relating to such floating rate will be specified in the applicable Final Terms.

**Specified Interest Period(s)  
or Specified Interest Payment  
Date(s) for Floating Rate Notes:**

Such period(s) or date(s) as may be specified in the applicable Final Terms.

**Dual Currency Notes:**

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, as may be specified in the applicable Final Terms.

**Other provisions in relation  
to Floating Rate Notes:**

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, 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 (if any) (as specified in the applicable Final Terms).

**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.

**Redemption:**

The applicable Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specific instalments, if applicable, or for tax reasons or if having Notes outstanding or making payments on the Notes becomes unlawful as described in Condition 8(b) and Condition 8(c) of the Terms and Conditions of the Notes respectively, or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders on giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period, if any, as is specified 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 specified in the applicable Final Terms.

**Redemption for regulatory purposes:**

If "Regulatory Call" is specified in the applicable Final Terms, the Issuer may upon the occurrence of a Capital Event (as defined in Condition 8(f) of the Terms and Conditions of the Notes) redeem the Subordinated Notes, in whole but not in part, at any time, if the Issuer has notified the relevant Subordinated Noteholders on giving not less than 30 nor more than 60 days' irrevocable notice, or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15. Additionally, redemption of the Subordinated Notes is subject to (i) the prior (written) permission of the Competent Authority provided that at the relevant time such permission is required to be given pursuant to Article 77 CRD IV Regulation and (ii) the Issuer demonstrating to the satisfaction of the Competent Authority that it meets the conditions in Article 78 CRD IV Regulation, which may include requiring the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer. The Issuer will redeem the Subordinated Notes in accordance with the Terms and Conditions at the Optional Redemption Amount specified in the applicable Final Terms together with accrued interest (if any) to but excluding the date of redemption. Additionally, if "Regulatory Call" is specified in the applicable Final Terms, the Issuer may upon the occurrence of an MREL Event (as defined in Condition 8(f) of the Terms and Conditions of the Notes) redeem the Resolution Notes, in whole but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the holder of Resolution Notes, or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15.

**Variation or Substitution**

If "Variation or Substitution" is specified in the applicable Final Terms and if a Capital Event and/or a CRD IV Capital Event and/or (if specified in the applicable Final Terms as being applicable) an ALAC Event (each as defined in Condition 8(f) of the Terms and Conditions of the Notes) has occurred and is continuing, then the Issuer may, subject to the prior (written) permission of the Competent Authority

provided that at the relevant time such permission is required to be given (but without any requirement for the permission of the Subordinated Noteholders) and on giving not less than 30 nor more than 60 days' irrevocable notice in accordance with Condition 15 to the Subordinated Noteholders, either substitute all, but not some only, of the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and/or (if the ALAC Event is specified in the applicable Final Terms as being applicable) are eligible under the ALAC (as defined below) of the Issuer. Upon the expiry of the notice referred to above, the Issuer shall either vary the terms of, or substitute, the Subordinated Notes in accordance with this Condition 8(f), as the case may be, provided that such substitution or variation shall not result in terms that are materially less favourable to the Subordinated Noteholders.

If "Variation or Substitution" is specified in the applicable Final Terms, the Issuer may upon the occurrence of an MREL Event and/or (if specified in the applicable Final Terms as being applicable) an ALAC Event and/or an Alignment Event (each as defined in Condition 8(f) of the Terms and Conditions of the Notes), at its option and at any time substitute the Resolution Notes, in whole but not in part, or vary the terms of all (but not some only) of the Resolution Notes, without any requirement for the consent or approval of the holders of Resolution Notes in such a way that they are eligible for the purposes of the MREL Requirement and/or (if the ALAC Event is specified in the applicable Final Terms as being applicable) are eligible under the ALAC of the Issuer and/or are subject to the Senior Non-Preferred Legislation (each as defined in Condition 8(f) of the Terms and Conditions of the Notes) on giving not less than 30 nor more than 60 days' irrevocable notice to the holders of Resolution Notes, in accordance with Condition 15. Such variation or substitution shall not result in terms that are materially less favourable to the interests of holders of Resolution Notes. Following such variation or substitution, the resulting securities shall (1) have a ranking at least equal to that of the Resolution Notes, (2) have at least the same interest rate and the same interest payment dates as those from time to time applying to the Resolution Notes, (3) have the same maturity date and redemption rights as the Resolution Notes, (4) preserve any existing rights under the Resolution Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of variation or substitution, (5) have assigned (or maintain) the same credit ratings as were assigned to the Resolution Notes immediately prior to such variation or substitution and (6) be listed on a recognized stock exchange if the Resolution Notes were listed immediately prior to such variation or substitution.

The Issuer must obtain the permission of the Competent Authority prior to effectuating a "Regulatory Call" and/or "Variation or Substitution" as described in the previous paragraphs, provided that at the relevant time such prior (written) permission is a criterion for the Resolution Notes to qualify as being eligible for purposes of the Issuer's MREL Requirement.

**Instalments:**

The applicable Final Terms may specify that Notes may be repayable in two or more instalments of such amounts and on such dates as specified in it.

**Denomination of Notes:**

Notes will be issued in such denominations as may be specified in the applicable Final Terms. The minimum denomination of each Note will be € 100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

**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 in the latter case to certain exceptions as provided in Condition 9 of the Terms and Conditions of the Notes. If the applicable Final Terms specifies that payments are to be made subject to withholding of applicable Dutch taxes (if any), it will also specify that Condition 8(b) of the Terms and Conditions of the Notes will not apply to the Notes.

**Negative Pledge:**

None

**Cross Default:**

None

**Status of the Senior Notes:**

The Senior Notes and the related Receipts and Coupons issued by the Issuer constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among the Senior Notes themselves and the related Receipts and Coupons and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred or otherwise ranking junior or senior by mandatory and/or overriding provisions of law from time to time.

**Status and Characteristics relating to Resolution Notes:**

The Resolution Notes and the related Receipts and Coupons constitute unsecured obligations of the Issuer and rank (i) *pari passu* without any preference among the Resolution Notes themselves and the related Receipts and Coupons and with all other present and future unsecured obligations of the Issuer (other than those obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank either in priority or junior to the Resolution Notes), (ii) senior to (a) the Issuer's ordinary shares and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Resolution Notes, including any

obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital or Tier 2 Capital or which rank or are expressed to rank *pari passu* with Additional Tier 1 Capital or Tier 2 Capital and (b) the Subordinated Notes, and (iii) junior to the Senior Notes and unsubordinated obligations ranking *pari passu* to Senior Notes (and those obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank in priority of Senior Notes).

As a result, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 3 of the Terms and Conditions of the Notes), the claims of holders of Resolution Notes against the Issuer are subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms, subject to applicable law, to rank equally to or lower than the Resolution Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) the Senior Notes (collectively "**Claims Senior to Resolution Notes Claims**").

By virtue of such subordination, payments to a Resolution Noteholder 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 or netting by a Resolution Noteholder shall be excluded until, all obligations of the Issuer resulting from Claims Senior to Resolution Notes Claims have been satisfied.

**Status and Characteristics relating to Subordinated Notes:**

The Subordinated Notes and the related Receipts and Coupons constitute unsecured and subordinated obligations of the Issuer and rank (i) *pari passu* without any preference among the Subordinated Notes themselves and the related Receipts and Coupons and with all other present and future unsecured and subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank either in priority or junior to the Subordinated Notes) and (ii) junior to those subordinated obligations expressed by their terms to rank in priority to the Subordinated Notes and those preferred by mandatory and/or overriding provisions of law.

As a result, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 4 of the Terms and Conditions of the Notes), the claims of Subordinated Noteholders against the Issuer are subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms, subject to applicable law, to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) other unsubordinated claims and (d) subordinated claims expressed by their terms to rank in priority to the Subordinated Notes (collectively "**Senior Claims**").



By virtue of such subordination, payments to a Subordinated Noteholder 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 or netting by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from Senior Claims have been satisfied.

Events of Default of Subordinated Notes are restricted to bankruptcy and liquidation and repayment following an Event of Default may be subject to the prior (written) permission of the Competent Authority.

The Subordinated Notes may qualify as Tier 2 Capital ("**Tier 2 Notes**") for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

**Statutory Loss Absorption:**

The Notes may become subject to the determination by the Resolution Authority or the Issuer (following instructions from the Resolution Authority) that all or part of the nominal amount of the Notes, including accrued but unpaid interest in respect thereof, must be written down or converted into shares or other instruments of ownership or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Notes subject to Statutory Loss Absorption shall be written down or converted into shares or other instruments of ownership or otherwise be applied to absorb losses, as prescribed by the Applicable Resolution Framework, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) Noteholders will have no further claims in respect of the amount so written down or the amount subject to conversion or otherwise as a result of such Statutory Loss Absorption.

The Notes will not be subject to Statutory Loss Absorption if and to the extent the Applicable Resolution Framework is not deemed to apply retrospectively with respect to such Notes and/or the Issuer.

In addition, subject to the determination by the Resolution Authority and without the consent of the Noteholders, the Notes may be subject to other resolution measures as envisaged under the Applicable Resolution Framework.

**Ratings:**

Ratings in relation to the Issuer and certain Notes are described in the chapter headed '*de Volksbank N.V.*', section '*Rating Agencies*'.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, its expected rating will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or

hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without prior notice.

**Listing:**

Application may be made for Notes to be issued under the Programme to be listed on Euronext in Amsterdam and/or the Luxembourg Stock Exchange. Unlisted Notes may also be issued. The Final Terms relating to each issue will state whether or not the Notes are to be listed and, if so, on which exchange(s).

**Governing Law:**

The Notes will be governed by, and construed in accordance with, Dutch law.

**Selling Restrictions:**

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

## **CERTAIN NOTICES TO INVESTORS**

### **RESPONSIBILITY STATEMENT**

De Volksbank accepts responsibility for the information contained in this Prospectus. De Volksbank declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer. The Dealers do not accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Programme.

### **NOTICE**

This Prospectus should be read and understood in accordance with any amendment or supplement hereto and with any other documents incorporated herein by reference. Full information on the Issuer and any Series or Tranche of Notes is only available on the basis of the combination of this Prospectus and the applicable Final Terms.

The Issuer has undertaken to the Dealers to furnish a supplement to this Prospectus in case of any significant new factor, material mistake or inaccuracy relating to the information contained in this Prospectus which is capable of affecting the assessment of the Notes and which arises or is noticed between the time when this Prospectus has been approved and the final closing of any Tranche of Notes or, as the case may be, when trading of any Tranche of Notes on a regulated market begins, in respect of Notes issued on the basis of this Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus, any amendment or supplement thereto, any document incorporated by reference herein, or the applicable 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, the Arranger or any Dealer.

This Prospectus is valid for 12 months following the date of this Prospectus and this Prospectus and any supplement hereto as well as any Final Terms reflect the status as of their respective dates of issue. The delivery of this Prospectus or any Final Terms and the offering, sale or delivery of any Notes shall not in any circumstances imply that the information contained in such documents is correct at any time subsequent to their respective dates of issue or that there has been no adverse change in the financial situation of the Issuer since such date or that any other information supplied in connection with the Programme or the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the time indicated in the document containing the same. The Arranger and any Dealer expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

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. Terms used in this paragraph have the meaning given to them by Regulation S.

Notes in bearer form 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 U.S. 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.

Neither this Prospectus nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuer, the Arranger or any Dealer that any recipient of this Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Arranger or any Dealer in their capacity as such. 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 (including an evaluation of the financial condition, creditworthiness and affairs of the Issuer) and the information contained or incorporated by reference in this Prospectus, the applicable Final Terms and any supplements;
- (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 Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (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 (including, without limitation, those described in 'Risk Factors' in this Prospectus).

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes 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.

The distribution of this Prospectus and any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Final Terms come must inform themselves about, and observe, any such restrictions. See '*Subscription and Sale*' below.

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus and any Final Terms do not constitute an offer or an invitation to subscribe for or purchase any Notes.

This Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. None of the Issuer, the Arranger and the Dealers represent that this Prospectus may be

lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or assume any responsibility for facilitating any such distribution or offering. In particular, further action may be required under the Programme which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required.

This Prospectus has been prepared on the basis that any offer of Notes in any 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 Prospectus as completed by Final Terms in relation to the offer of those 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.

All offers remain subject to restrictions set out in the section '*Subscription and Sale*' in this Prospectus. Neither the Issuer nor any Dealer have authorized, nor do they authorize, 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.

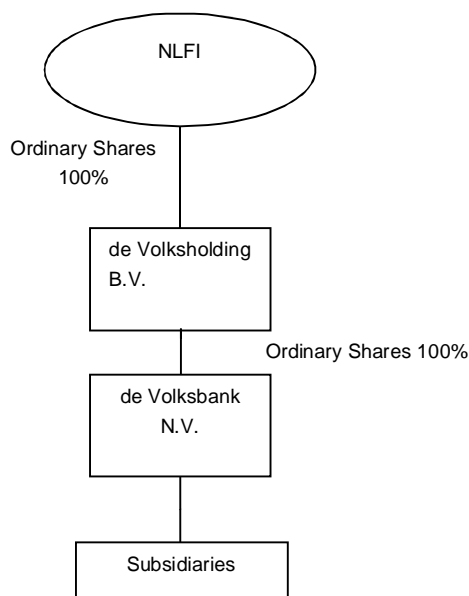
**In connection with the issue of any Series or Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) in the applicable Final Terms (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin at any time after the adequate public disclosure of the final terms of the offer of the relevant Notes and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Notes and 60 days after the date of the allotment of the relevant Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules. Any loss resulting from any such over-allotment or stabilisation shall be borne, and any net profit arising therefrom shall be retained, by the relevant Stabilising Manager for its own account.**

## DE VOLKSBANK N.V.

### Incorporation and ownership

De Volksbank was incorporated on 18 December 1990 as a "*naamloze vennootschap*", a public company under Dutch law, as a result of the merger of several regional savings banks. Its legal name is de Volksbank N.V. and its corporate seat is in Utrecht, the Netherlands. The registered office of de Volksbank is Croeselaan 1, 3521 BJ, Utrecht, the Netherlands and de Volksbank is registered in the Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*), under number 16062338. The telephone number of de Volksbank is +31(0)30 291 5200. The articles of association of de Volksbank were most recently amended by notarial deed on 1 January 2017 before Mr. J.D.M. Schoonbrood, civil law notary practising in Amsterdam, the Netherlands, following the merger whereby ASN Bank N.V. and RegioBank N.V. as disappearing entities merged with SNS Bank N.V. (the legal predecessor of de Volksbank) as acquiring entity.

As per the date of this Prospectus, NLFI is, on behalf of the Dutch State, and indirectly via de Volksholding B.V., the sole shareholder of de Volksbank (see chart below). This holding structure whereby NLFI holds the shares on behalf of the Dutch State is also used by the Dutch State for certain other holdings in financial institutions.



### Governance de Volksholding B.V.

The board of directors and the supervisory board of de Volksholding B.V. consist of the same members as the board of directors and the supervisory board of de Volksbank (the "**Board of Directors**" and the "**Supervisory Board**").

### Board of Directors

The Board of Directors consists of, and the principal activities outside de Volksbank of the members of the Board of Directors are as follows:

*Mr. M.B.G.M. Oostendorp, Chief Executive Officer*

Member of the Supervisory Board at Nederlandse Waterschapsbank N.V.

Member of the Advisory Board at Women in Financial Services (WIFS)

Member of the Board of the Dutch Banking Association

*Mr. R.G.J. Langezaal, Chief Commercial Officer*

Mr. R.G.J. Langezaal is scheduled to step down from the Board of Directors on 1 January 2018

Member Supervisory Board of SNS Beleggingsfondsen N.V.

Member Consumer Affairs Committee Dutch Banking Association

*Mr. V.A. Baas, Chief Operations Officer*

Chairman Advisory Board HBO-i (Higher Professional Education - ICT programmes)

Member of the Board of the Dutch Payment Association

*Mrs. A.T.J. van Melick, Chief Financial Officer*

Member Regulatory Matters Committee of the Dutch Banking Association

*Mr. J.R. Dijst, Chief Risk Officer*

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All members of the Board of Directors of de Volksbank have full time positions and have elected domicile at the registered office of de Volksbank.

### **Supervisory Board**

The Supervisory Board consists of and the principal activities outside de Volksbank of the members of the Supervisory Board are as follows:

*Mr. J.C.M. van Rutte, Chairman*

Member Supervisory Board ORMIT Holding B.V.

Member Supervisory Board Bank Nederlandse Gemeenten N.V.

Member Supervisory Board Nederlandse Investeringsinstelling N.V.

Member Supervisory Board PGGM N.V.

Member Supervisory Council Stichting de Koninklijke Schouwburg Den Haag

Member Supervisory Council Foundation Health Center Hoenderdaal

Member of the Board of ABN AMRO Foundation

Member of the Board of Stichting Administratiekantoor Aandelen KAS Bank

Advisor Monitoring Commissie Code Banken

*Mrs. S. Barendregt-Roojers*

Expert Member Accounting Programme Erasmus University Rotterdam

*Mrs. C.M. Insinger*

Member Supervisory Council of Air traffic control Nederland

Member of the Supervisory Board of VastNed Retail N.V.

Member of the Supervisory Board of DELTA N.V.

Member of the Supervisory Council of Stichting Nederlands Fonds voor de film

Member of the Strategic Audit Committee of the Dutch Ministry of Foreign Affairs

Member of the Supervisory Board Hogeschool Rotterdam

Chair of the Supervisory Board Staatsbosbeheer (as from 1 January 2018)

*Mr. L. Wijngaarden*

Member Executive Board of DAK Intermediaries Collective  
Member advisory Board of PBLQ  
Chairman of the Advisory Board of IPsoft Nederland B.V.  
Member of the Advisory Board of the Dutch Data Protection Authority  
Chairman of the Supervisory Board of Woningstichting Stek

*Mrs. M.R. Milz*

Member Supervisory Board of Handelsveem Beheer B.V.  
Member of the Supervisory Board of Zuidema Beheer B.V.  
Chair of the Green Deal Board  
Member of the Board of Stichting Parnassia  
Member of the Supervisory Board of Stichting Nederlands Spoorwegmuseum  
Member of the Board Stichting Arbo Unie

### **Audit Committee**

The audit committee of de Volksbank (the "**Audit Committee**") currently consists of three members (all members of the Supervisory Board):

Mrs. S. Barendregt-Roojers, chairman  
Mr. J.C.M. van Rutte  
Mr. L. Wijngaarden

The Audit Committee supports the Supervisory Board in its decision making. The Audit Committee provides advice to the Supervisory Board in, inter alia, the following areas:

- (i) a framework of risk management and control systems set up and maintained by the Board and senior management of de Volksbank, including the compliance with relevant laws and regulations and supervision on the functioning of internal and external codes of conduct;
- (ii) the quality, completeness, accuracy and timeliness of the provision of financial information by de Volksbank on the basis of which the achievement of the objectives of de Volksbank and its business units shall be assessed;
- (iii) compliance with recommendations and follow-up of observations of internal auditors, external auditors, tax advisors, actuaries and regulatory authorities;
- (iv) the role and the functioning (scope, effectiveness and quality) of the Audit function of de Volksbank, including the assessment of quarterly reports prepared by the Audit function;
- (v) the policy of de Volksbank in respect of tax planning;
- (vi) the effectiveness, scope, independence, quality and involvement of the external auditor, including the financial reporting process;
- (vii) adoption of the annual accounts, approval of the annual budget and major capital investments as well as funding of de Volksbank;
- (viii) the applications of information and communication technology; and
- (ix) the whistle-blower policy of de Volksbank (*klokkenluidersregeling*).

The Audit Committee shall ensure a robust process and shall provide the Supervisory Board with advice regarding the (re)appointment, remuneration and the cancellation of the assignment of the external auditor. The



chairman of the Audit Committee shall be actively involved in the appointment, assessment/remuneration, suspension and dismissal of the audit director.

The CEO, CFO, CRO, Audit Committee secretary, audit director and external auditor are permanent guests at every meeting of the Audit Committee. The chairman of the Audit Committee, the audit director and the external auditor hold a preliminary consultation prior to the meeting. Once a year, a meeting of the Audit Committee takes place where only the audit director and the external auditor are present. In 2016 the Audit Committee convened six times.

### **De Volksbank and the Banking Code**

In October 2014, the Dutch Bankers Association published the revised banking code (the "**Banking Code**") as part of a package of new developments for the Dutch banking industry called 'Future-oriented Banking'. The new Banking Code came into effect on 1 January 2015. This package for sound governance is a product of self-regulation of Dutch banks. It consists of a Social Charter, the Banking Code and the rules of conduct associated with the bankers' oath, which must all be seen in conjunction with one another. All three elements of this package are clearly reflected within the internal manifesto of de Volksbank.

The Banking Code is applicable on a licensing level. It is therefore applicable to de Volksbank and to all of de Volksbank banking activities. All the principles of the Banking Code have been embedded in the Issuer's business processes.

The website of de Volksbank provides an overview of the application of the Banking Code, please refer to [www.devolsbank.nl](http://www.devolsbank.nl). Compliance with the Banking Code is constantly monitored and is due to its nature a dynamic process.

### **De Volksbank and the Dutch Corporate Governance Code**

The Dutch Corporate Governance Code (the "**Code**") is a code of conduct applicable to listed companies. The Code contains principles and best practice provisions for sound governance, that regulate relations between the Board of Directors, the supervisory board and shareholders (including the general meeting of shareholders) and stakeholders. Although the Code is not applicable to Volksbank, de Volksbank voluntarily applies the Code. The Code is based on the principle of 'comply or explain'. Please refer to [www.devolsbank.nl](http://www.devolsbank.nl) for an overview of how de Volksbank implements the provisions from the Code in its governance structure.

### **Potential conflicts of interest of the Board of Directors & Supervisory Board**

There are no potential conflicts between any duties to de Volksbank and the private interests and/or other duties of the Board of Directors members and/or the Supervisory Board members of de Volksbank. These members may obtain financial services of de Volksbank. Internal rules are in place for the situation in which a conflict of interest should arise.

### **Independent Auditors**

Ernst & Young Accountants LLP ("**Ernst & Young**") has been appointed as independent auditor to de Volksbank as of 1 January 2016. All audit partners of Ernst & Young involved in the audit of the financial statements of de Volksbank are a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*, NBA).

KPMG Accountants N.V. has audited the financial statements of de Volksbank for the financial year 2015. Ernst & Young has been appointed as new external auditor as a consequence of the mandatory audit firm rotation pursuant to the Dutch Audit Profession Act (*Wet op het accountantsberoep*).

## Rating Agencies

De Volksbank has been rated by independent rating agencies Moody's, Standard & Poor's Global Ratings ("S&P") and Fitch. The most recently published reports by these rating agencies, expressing opinions on any of the ratings assigned to de Volksbank, are made available on [www.volksbank.nl](http://www.volksbank.nl) under the headings 'Investor relations' > 'Credit ratings'. Please see below an overview of the ratings assigned to de Volksbank.

### Ratings of de Volksbank per date of this Prospectus

Long term credit ratings	S&P	Moody's	Fitch
de Volksbank	A- (positive)	Baa1 (positive)	BBB+ (positive)

Short term credit ratings	S&P	Moody's	Fitch
de Volksbank	A2	P-2	F2

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, its rating will be specified in the applicable Final Terms.

## Company profile

De Volksbank has a focus on the Dutch market, offering simple and transparent mortgage, savings and payment products to private individuals. De Volksbank also offers insurance, investment and lending services through its brands and serves smaller companies in a retail manner.

De Volksbank is pursuing a multi-brand strategy with ASN Bank, BLG Wonen, RegioBank and SNS. Each of these brands has its own distinctive profile that meets the needs of their customer group. A single back office, IT infrastructure and a central staff organisation allow de Volksbank to operate effectively and efficiently.

The mission of de Volksbank – *banking with a human touch* – is described in its manifesto. To live up to this mission, de Volksbank has formulated the following ambition: optimising shared value. We define shared value as de Volksbank serving the joint interest of customers, society, employees and shareholder(s).

De Volksbank has the following four bank brands each displaying its own identity and image. ASN Bank, BLG Wonen, RegioBank and SNS.

### Four Bank brands:

- ASN Bank's mission is to contribute to a more sustainable society, based on its pillars of climate change, human rights and biodiversity. ASN Bank is working towards a more sustainable society in two ways. Firstly, in its banking activities, through (project) loans and the investments made by the bank and its investment funds. Secondly, in its nonbanking activities, such as collaboration with other organisations and knowledge sharing;
- BLG Wonen is the brand for the independent advisor who gives broad house and home-related financial advice to clients. BLG Wonen seeks to create a society in which every person has a house where he feels at home. BLG Wonen is known for being a personal services provider and is firmly committed to retaining this personal touch by, for example, developing campaigns geared to specific target groups and their housing needs. In addition to serving new customers, BLG Wonen will also strengthen the ties with its existing customers and advisers;

- RegioBank works with independent advisers having a franchise relationship with this brand. RegioBank offers a range of products, serving retail customers and SME customers in the areas of payments, savings and mortgages. RegioBank will continue on the path taken, aiming for local savings to be invested locally in the form of mortgages while also focusing on the retention of mortgage customers. RegioBank will continue to promote initiatives that stimulate vitality and liveability;
- SNS is a brand for ordinary Dutch consumers and has a course that fits in well with SNS's roots as a social bank. SNS is a brand that shows that banking can be different, more normal, and that wishes to surprise its customers with this. And if it is in their customers' interests, SNS will break with traditional banking practices. Based on this '*perfectly normal*' mind-set, SNS positions itself as a no-nonsense brand for ordinary Dutchmen and as a clear alternative to the major banks. SNS shows (prospective) customers that they really have a choice and proves this by offering unique products and services. It is the brand's ambition to be a larger, visible player, including in the mortgage and payments markets. Presenting a clear and simple product range, SNS offers its customers comprehensive solutions for payments, (bank) savings, mortgages, insurance, borrowing and profile investment. The objective is to intensify the relationship with the customer by proactively giving advice, listening carefully and discovering any additional wishes.

### **Supervision**

The regulatory framework is under constant scrutiny, both at a national and international level. Many new rules and regulations have entered into force in recent years and will enter into force the following years. Important changes with respect to the supervision on the Issuer have been and will be introduced by CRD IV, the implementation of the BRRD, the SRM Regulation and the EU Banking Reforms (see Risk Factors – '*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could have a negative impact on the Issuer*' and '*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*').

Within the group consisting of de Volksholding B.V. and its subsidiaries, the following entities hold licences under the Wft (excluding finance service providers licences):

#### Bank:

de Volksbank N.V.

#### Investment firm:

ASN Vermogensbeheer B.V.

#### *Single Supervisory Mechanism*

The SSM is one of the elements of the Banking Union. The SSM has created a new system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. Among these EU countries are those whose currency is the euro and those whose currency is not the euro, but who have decided to enter into close cooperation with the SSM. Under the new system of supervision, the ECB directly supervises significant credit institutions since 4 November 2014. de Volksbank is considered a 'significant credit institution' under the SSM and is therefore since 4 November 2014 subject to direct supervision by the ECB. Specific tasks relating to the prudential supervision of credit institutions have been conferred to the ECB.

### **Recent developments**

#### ***Additional capital buffer requirement***

de Volksbank has been designated as an 'other systemically important bank'. In connection therewith, an additional capital buffer requirement under CRD IV of 1% of its risk-weighted assets has been imposed on de Volksbank. This buffer is currently being phased in until it will apply in full as from 2019.

#### ***Share transfer de Volksbank***

On 1 October 2015, SRH (formerly known as SNS REAAL) announced that it transferred all shares of de Volksbank (formerly known as SNS Bank) to the Dutch State on 30 September 2015 for a sum of €2.7 billion at which time the name of SNS REAAL was changed into SRH. The Dutch State immediately transferred de Volksbank to holding company de Volksholding B.V. (formerly known as SNS Holding B.V.). The shares in de Volksholding B.V. were also obtained by the Dutch State from SRH and subsequently transferred by the Dutch State to NLF1 in exchange for certificates of deposit.

#### ***Tier 2 transaction***

On 29 October 2015, de Volksbank (formerly known as SNS Bank) placed € 500,000,000 3.75% Callable Resetable Dated Subordinated Notes due 2025 (Tier 2 notes) with a wide range of institutional investors. The issue of these Tier 2 notes contributes to the strengthening and diversification of de Volksbank's capital base.

#### ***Covered Bond transactions***

On 24 October 2016, de Volksbank (formerly known as SNS Bank) placed €500,000,000 0.75% Covered Bonds due October 2031 with a wide range of institutional investors. Also, on 16 May 2017, de Volksbank placed € 500,000,000 0.75% Covered Bonds due May 2027 with a wide range of institutional investors.

#### ***AFM investigation into Interest Rate Derivatives***

de Volksbank has a small portfolio of interest rate derivatives entered into with customers. It stopped entering into these interest rate derivatives as of 2010. At the AFM's request, de Volksbank reassessed its customers' interest rate derivatives in 2014 and 2015 in order to establish whether customers had been adequately advised in the past. This reassessment pertained to interest rate derivatives that had not yet expired on 1 April 2014. The reassessment was completed at the beginning of 2015 to the satisfaction of the AFM. de Volksbank personally informed the customers concerned of the assessment results in mid-2015.

On 4 December 2015, the AFM informed de Volksbank (formerly known as SNS Bank) that a further reassessment of the interest rate derivatives may have to be carried out. Since then, de Volksbank has been in close contact with the AFM to discuss this matter. On 1 March 2016, the AFM and the Minister of Finance announced the appointment of three independent experts ("**Committee of Experts**") who on 19 December 2016 presented a so called uniform recovery framework pertaining to SME Interest Rate Derivatives (*herstelkader*) ("**Uniform Recovery Framework**") in collaboration with the banks. This Uniform Recovery Framework forms the basis on which the banks reassess the interest derivatives in order to investigate whether or not compensation has to be offered to individual clients of the bank.

The Uniform Recovery Framework mainly focuses on SME's and provides for a step-by-step plan. de Volksbank participates in the Uniform Recovery Framework and has started the process to determine which client is entitled to compensation based on this framework in the first quarter of 2017. de Volksbank attaches great value to the realisation of the Uniform Recovery Framework. de Volksbank expects to finalise the reassessment by the end of 2017. de Volksbank has recognised a provision in relation to the expected compensation under the Uniform Recovery Framework of € 23 million year-end 2016. This estimate is based on the interpretation of and the assumptions noted in the Recovery Framework published on 19 December 2016 both on the scope of the Uniform Recovery Framework and the entitled compensation.

### ***Minimum requirement for own funds and eligible liabilities (MREL)***

The BRRD and the SRM Regulation resulted in the introduction of MREL as a buffer to absorb losses. This buffer applies in addition to the capital ratios under the capital requirements regulations (CRD IV Regulation) that de Volksbank has to adhere to. The MREL is institution-specific and set in respect of de Volksbank by the Single Resolution Board.

### ***Sale of SNS Securities***

On 30 June 2016, de Volksbank (formerly known as SNS Bank) and NIBC Bank N.V. finalised the sales transaction of the shares in SNS Securities N.V.. The conditions of sale, including the approval for this transaction from regulatory authorities and works councils, were met. The book loss resulting from this sale amounts to €22 million. A provision for this loss had already been made in 2015.

### ***Redundancy plan***

Becoming a more efficient and simple bank is part of the strategic plan of de Volksbank. This necessitates a change of work that is brought about by such activities as the further digitalisation of our processes. This change will demand other skills of the employees of de Volksbank. It also means that ultimately de Volksbank will need fewer people to do the work. As de Volksbank wants to downsize the number of employees of the company with due care, this process is expected to last several years. There is no blueprint for this process; the Board of Directors has set frameworks and it is up to the organisation to develop the details. The departments have been given the assignment of organising the work differently together and preparing for this in good time. De Volksbank estimates that approximately 900 jobs will be lost in the years to come. This relates to external and internal employees, and includes a reduction in the number of management positions.

### ***Announcement of the Dutch Minister of Finance regarding the future of de Volksbank***

On 1 July 2016, the Dutch Minister of Finance sent a letter to the House of Representatives on the future of and privatisation options for de Volksbank (formerly known as SNS Bank). In this letter the Minister of Finance subscribed NLFI's conclusion that it is too early to make a decision on de Volksbank's future and that he will decide on the future of de Volksbank after de Volksbank has regained a strong position in the Dutch banking landscape.

### ***de Volksbank participated in the SSM SREP stress test***

de Volksbank (formerly known as SNS Bank) participated in the Supervisory Review and Evaluation Process ("**SSM SREP**") stress test exercise conducted by the ECB. This stress test complements the EU-wide stress test exercise conducted by the EBA ("**EBA stress test**") and addressed banking groups other than those 51 institutions taking part in the EBA stress test. The SSM SREP stress test was performed at the highest level of consolidation (de Volksholding B.V. (formerly known as SNS Holding B.V.)) and was based on the same methodology as that of the EBA stress test. It did not contain a pass/fail threshold. The stress test assesses the resilience of European banks to extreme but plausible adverse market developments over a period of three years.

Contrary to the EBA stress test results, the results of the SSM SREP stress test were not published. Under the assumptions and methodological restrictions of the stress test's adverse scenario, the Common Equity Tier 1 (CET1) ratio of de Volksbank would however remain above de Volksbank's then internal minimum target of 14%.

The stress test results were used as input in the regular supervisory review and evaluation process, which was finalised by end 2016. Following the results of that regular supervisory review and evaluation process, de Volksbank is expected to maintain a minimum Common Equity Tier 1 (CET1) ratio of 9.25% as from 1 January

2017 (including the Pillar 2 requirement). This CET1 capital requirement also includes the capital conservation buffer of (currently) 1.25% and the buffer for other systemically important institutions of (currently) 0.5%.

De Volksbank's CET1 capital ratio increased from 25.3% at year-end 2015 to 29.2% at year-end 2016. The ratios are therefore well above its current internal minimum level of 15.0% and the 9.25% CET1 capital requirement following from the SREP and the applicable capital buffers.

#### ***Legal merger between SNS Bank, ASN Bank and RegioBank***

As of 1 January 2017, and as a consequence of the Merger, the four brands ASN Bank, BLG Wonen, RegioBank and SNS operate under the banking licence of de Volksbank N.V. and the separate banking licences of ASN Bank and RegioBank ceased to exist. The Merger aims to further simplify and enhance the efficiency of the Issuer's business operations.

#### ***Changes to the Supervisory Board***

On 20 April 2017, de Volksbank announced that Jos Nijhuis resigned from the Supervisory Board. On 24 August 2017, de Volksbank announced that Sonja Barendregt-Roojers has been appointed to the Supervisory Board.

#### ***Changes to the Board of Directors***

On 24 August 2017, de Volksbank announced that R.G.J. Langezaal will step down from the Board of Directors on 1 January 2018.

#### ***2016 Annual Results of de Volksbank***

On 23 February 2017, de Volksbank published a press release regarding its 2016 full-year results and subsequently it published its 2016 annual report on 9 March 2017. In the 2016 annual report the following highlights were included.

In 2016, ASN Bank, BLG Wonen, RegioBank and SNS combined, welcomed 205,000 new customers on a gross basis. On a net basis, the number of customers rose by 65,000. Net growth was lower than 2015 (119,000), mainly due to lower growth of savings customers, partly resulting from the termination of 'spaarloon' accounts, fewer marketing campaigns and a limited outflow of customers whose DGS coverage was impacted by the legal merger between SNS Bank N.V., ASN Bank N.V. and RegioBank N.V. In addition, the phasing-out of investment propositions in 2016 led to a net outflow of a number of customers.

De Volksbank's new mortgage production increased to €3.7 billion (+76%), from € 2.1 billion in 2015. BLG Wonen, RegioBank and SNS all contributed to this increase, supported by increased capacity at the Mortgage Service Centre. The total market share of new retail mortgages increased to 5.7% (2015: 4.1%). The market share based on the total retail mortgage portfolio remained virtually stable at 6.6% compared to year-end 2015.<sup>1</sup>

In all, driven by increased production and high retention, de Volksbank's gross retail mortgage portfolio remained virtually stable compared to year-end 2015 at € 44.9 billion. The increased demand for longer term fixed-rate mortgages is reflected in an increased share of mortgages with a fixed-rate period of 15 years or more in the mortgage portfolio of de Volksbank. At year-end 2016, these mortgages amounted to € 7.3 billion (16% of the portfolio), compared to € 6.0 billion at year-end 2015.

De Volksbank's retail savings balances decreased slightly to € 36.6 billion (-1%), from € 36.9 billion at year-end 2015, equating to a slightly lower market share of 10.7% (year-end 2015: 10.9%). The decrease in savings balances was partly due to a limited outflow following the announced legal merger between SNS Bank N.V., ASN Bank N.V. and RegioBank N.V., impacting DGS coverage of some customers. Also, in 2016 the brands ran fewer marketing campaigns to attract retail savings.

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<sup>1</sup> Based on Centraal Bureau voor de Statistiek (Central Bureau of statistics) data (previously DNB-data)

In 2016, net profit decreased by € 19 million to € 329 million, of which € 38 million can be explained by a swing in one-off items. Adjusted for one-off items, net profit increased by € 19 million to € 354 million. A substantial net release of loan provisions and higher investment income more than compensated for the impact of lower net interest income and higher regulatory levies. Based on net profit excluding one-off items, the 10.3% return on equity<sup>2</sup> ("RoE") was slightly lower compared to 2015 (10.7%), attributable to a higher level of average equity. The efficiency ratio<sup>3</sup> was 59.2% compared to 51.2% in 2015, partly influenced by the swing in one-off items. Adjusted for one-off items, the efficiency ratio was 56.0%, up compared to 53.4% in 2015, entirely driven by lower adjusted income (-6%). Adjusted operating expenses were 2% lower.

De Volksbank has a risk-weighted Common Equity Tier 1 ratio (CET1 ratio), which increased from 25.3% at year-end 2015 to 29.2% at year-end 2016 (and from 25.8% to 29.6% fully phased-in). The ratios are well above the 9.25% CET1 capital requirement following from the SREP (11.0% fully phased-in).

The improvement of the CET1 ratio was largely driven by the increase in CET1 capital by € 248 million, and to a lesser extent by the decrease in risk-weighted assets in 2016 (change of € 0.7 billion).

The total capital ratio rose from 29.5% (fully phased-in 30.1%) at year-end 2015 to 33.8% (fully phased-in 34.3%) at year-end 2016.

The main non-risk-weighted capital ratio, the leverage ratio, rose from 4.7% at year-end 2015 to 5.2% at year-end 2016 (and from 4.8% to 5.3% fully phased-in). At year-end 2016, the non-risk-weighted MREL ratio stood at 8.0%. The MREL ratio expresses the ratio between an easily bail-inable buffer to absorb losses and the risk exposure applicable to MREL.

The dividend policy was adopted in 2016. In line with this policy, de Volksbank proposes to pay out a dividend of € 135 million from the 2016 annual profit.

### ***Semi-annual results 2017 de Volksbank***

On 24 August 2017, de Volksbank published a press release regarding the 2017 half year ending on 30 June 2017 results and subsequently it published its interim financial report 2017. In the interim financial report 2017 the following highlights were included.

In the first half of 2017, de Volksbank brands welcomed 99,000 new customers on a gross basis. On a net basis, the number of customers rose by 15,000. Net growth was lower than in the first half of 2016 (30,000), mainly due to a lower growth in savings customers. This was partly attributable to the absence of major marketing campaigns and a limited outflow of customers following termination of the ZwitserlevenBank proposition.

De Volksbank's new mortgage production increased to € 2.5 billion (+67%), from € 1.5 billion in the first half of 2016. BLG Wonen, RegioBank and SNS all contributed to this increase. The new residential mortgage market share increased to 6.8% (first half of 2016: 4.8%). Based on the total retail mortgage portfolio, the market share remained virtually stable at 6.7%.<sup>4</sup>

In all, driven by increased production and high retention, de Volksbank managed to grow its retail mortgage portfolio to € 45.3 billion, from € 44.9 billion at year-end 2016. The strong demand for longer term fixed-rate mortgages was reflected in an increased share of mortgages with a fixed-rate period of 15 years or more. At the end of June 2017, these mortgages amounted to € 7.7 billion (17% of the portfolio), compared to € 7.3 billion (16% of the portfolio) at year-end 2016.

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2 Return on equity is the net profit attributable to ordinary shareholders of the parent company divided by shareholders' average equity.

3 The efficiency ratio is the total operating expenses excluding regulatory levies divided by total income.

4 Based on Centraal Bureau voor de Statistiek (Central Bureau of statistics) data (previously DNB-data)

In the first half of 2017, de Volksbank's retail savings balances increased to € 37.4 billion (+2%), from € 36.6 billion at year-end 2016, equating to a stable market share of 10.7%. In the first half of 2017, the brands ran no major marketing campaigns to attract retail savings.<sup>5</sup>

In the first half of 2017, net profit adjusted for incidental items decreased by € 15 million to € 178 million, more than wholly attributable to a sharply lower net release of loan provisions. The impact of lower net interest income, investment income and net fee and commission income was more than compensated by lower operating expenses and a higher result on financial instruments.

Based on net profit excluding incidental items, RoE of 10.0% was lower compared to the first half of 2016 (11.5%), driven by both a lower adjusted net result and a higher level of average equity.

The cost/income ratio stood at 52.7% compared to 55.9% in the first half of 2016, partly impacted by incidental items. Adjusted for incidental items, the cost/income ratio was 52.5%, down compared to 54.2% in the first half of 2016, entirely attributable to lower operating expenses.

Net profit decreased by € 4 million to € 177 million. Incidental items amounted to € 1 million negative, consisting of negative fair value movements of former DBV mortgages and related derivatives. This mortgage portfolio was purchased as part of the transfer of DBV Finance B.V. from REAAL Verzekeringen on 28 January 2011, and is accounted for at fair value with changes running through the profit and loss account. At the end of June 2017, the portfolio amounted to € 1.8 billion. In the first half of 2016, incidental items amounting to € 12 million negative, also consisted entirely of fair value movements of former DBV mortgages and related derivatives. The introduction of IFRS 9 as from 1 January 2018 will allow de Volksbank to change the accounting method of this portfolio to amortised cost, in line with other mortgages, thus eliminating this source of volatility in the profit and loss account.

At the end of June 2017, our transitional Common Equity Tier 1 (CET1) ratio amounted to 32.6% (year-end 2016: 29.2%). The increase was mainly due to a decrease in risk-weighted assets and net profit retention. Our CET1 ratio is well above the CET1 capital requirement following from the Supervisory Review and Evaluation Process (SREP), both on a transitional basis (9.25%), which became effective from 1 January 2017, and a fully phased-in basis (11.00%).

De Volksbank targets a CET1 ratio of more than 15%, based on current regulations. In addition to the 11% SREP requirement, our CET1 ratio objective includes a combined Pillar 2 Guidance and management buffer. The current capital position offers a substantial buffer against the estimated impact of developments in capital regulation on our risk-weighted capital ratios. The leverage ratio increased slightly to 5.5% (year-end 2016: 5.2%), well above our objective of more than 4.25%.

## **Legal proceedings**

De Volksbank and its subsidiaries are and may become from time-to-time involved in governmental, legal and arbitration proceedings that relate to claims by and against it which ensue from its normal business operations. The most important proceedings are described below.

### *Madoff*

In 2010, three Madoff-feeder funds initiated legal proceedings in New York against, amongst others, the custody entity of de Volksbank (formerly known as SNS Bank), SNS Global Custody, and its clients as former beneficial

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<sup>5</sup> Market share retail savings June and December 2016 slightly adjusted due to a correction of total Dutch savings market by DNB



owners of investments in these funds. A similar proceeding was initiated by one of these funds against SNS Global Custody in the British Virgin Islands ("**BVI**"). They claim repayment of payments made by the funds for redemptions of investments by these beneficial owners. In line with these lawsuits, Madoff's trustee initiated proceedings against de Volksbank and SNS Global Custody. The aforementioned proceedings in New York, in which many financial institutions worldwide are sued in similar proceedings, are mainly in the early stages. A first decision on a preliminary issue is given in these proceedings in favor of the banks. However Madoff's trustee appealed to this decision. The proceedings against the feeder funds have been formally stayed, but the trustees are attempting to restart these. With regard to a number of important preliminary questions about the claim on the BVI, judgment was given in favour of de Volksbank by final judgment.

de Volksbank is strongly defending itself, but cannot give a reliable estimate of possible provisions resulting from these claims at the moment.

### ***Proceedings following the nationalisation***

#### *General*

Various former holders of the in 2013 expropriated securities and capital components have initiated legal proceedings to seek compensation for damages. At the time that the 2017 interim financial statements were drawn up, no court proceedings had (yet) been initiated against de Volksbank (formerly known as SNS Bank) other than those stated below. Currently, it is not possible to make an estimate of the probability that possible legal proceedings of former holders or other parties affected by the nationalisation may result in a liability, or the level of the financial impact on de Volksbank. For this reason, at year-half 2017 no provisions were made in respect of possible legal actions by former holders concerning the expropriated securities and capital components and other affected parties. As the outcomes of possible legal proceedings cannot be predicted with certainty, it cannot be ruled out that a negative outcome may have a material negative financial impact on the capital position, results and/or cash flows of de Volksbank.

#### *Inquiry proceedings by Dutch Investors' Association*

In November 2014, the Dutch Investors' Association (*Vereniging van Effectenbezitters*; "**VEB**") filed a petition with the Enterprise Chamber for an inquiry into the management of SNS REAAL, currently SRH, de Volksbank (formerly known as SNS Bank) and the former SNS Property Finance, currently Propertize, for the period 2006 – present. SRH, de Volksbank and Propertize disputed the authority to file a petition for an inquiry. The Enterprise Chamber granted the request related to SRH and rejected the request related to Propertize. The decision related to de Volksbank has so far been deferred by the Enterprise Chamber. SRH appealed against the decision to grant the request in October 2015. de Volksbank and Propertize joined this application for cassation. On 4 November 2016, the Supreme Court held that the VEB had locus standi to request an inquiry against SRH and remitted the case back to the Enterprise Chamber. The request for an inquiry against SRH can thus be assessed substantively on the merits. SRH and de Volksbank defend themselves against the request. The Enterprise Chamber is expected to render judgment in the second half of 2017, ordering an inquiry or otherwise. It is then expected that the Enterprise Chamber will also render a judgment about the question whether an inquiry against de Volksbank is granted or rejected.

#### *Guarantees pursuant to Article 2:403 of the Dutch Civil Code for Propertize et al.*

These proceedings are not directly related to the expropriation decree of the Minister of Finance of 1 February 2013 ("**Expropriation Decree**") but ensue from the subsequent transfer of Propertize. In the context of this transfer, SRH and de Volksbank (formerly known as SNS Bank) have withdrawn the 403-guarantees issued for Propertize et al. in the past. The expiry of the objection period made this withdrawal irrevocable for all creditors, with the exception of two parties that assert to have claims against Propertize et al., being Commerzbank and – briefly put – the receivers in the bankruptcies of the 2SQR companies, as former Propertize clients. The objection

that these parties had raised against the withdrawal of the 403-guarantees was declared well-founded by the District Court and the Enterprise Chamber. SRH and de Volksbank have instituted an appeal in cassation. On 31 March 2017 the Supreme Court rejected the appeal, which implicates that the 403-statement remains in place towards these two creditors.

The outcome of these objection proceedings as such will not have any material significance for the balance sheet of de Volksbank. No provisions have been made for the underlying asserted claims that Propertize disputes. The receivers in the bankruptcies of the 2SQR companies have now commenced proceedings at the District Court regarding the claim they assert to have against Propertize – for which they hold de Volksbank liable pursuant to the 403-guarantee. The asserted claim is thus subject to substantive assessment in these proceedings.

#### ***Other proceedings relevant to de Volksbank***

In addition, there are proceedings to which de Volksbank is not a party or in which it is not the direct subject of investigation, but the course and results of which may have a material impact on de Volksbank's position.

This applies first and foremost to the compensation proceedings before the Enterprise Chamber initiated by former holders of expropriated securities and capital components of SRH and the Issuer. The Enterprise Chamber and the Supreme Court have now commented on the basic principles for the value assessment. These entail that the Enterprise Chamber itself must determine the compensation, so independently of the offer, in which respect it is irrelevant how the Minister of Finance explained his offer. This means that the compensation might still be set at €0.

Compensation principles were also given, including the significance of the share price for the value assessment and the question whether DNB's actions prior to the expropriation (known as the SREP decision) may be taken into account.

On 26 February 2016, the Enterprise Chamber decided that the value of the expropriated securities and assets, and consequently whether or not any compensation is due, is to be determined by court-ordered expert examination. In this context, the Enterprise Chamber appointed three experts. The draft expert examination originally was expected on 1 October 2017, but it has been delayed until the first half of November 2017.

#### ***AFM investigation into interest rate derivatives***

de Volksbank (formerly known as SNS Bank) has a small portfolio of interest rate derivatives entered into with customers. It stopped entering into these interest rate derivatives as of 2010. At the AFM's request, de Volksbank reassessed its customers' interest rate derivatives in 2014 and 2015 in order to establish whether customers had been adequately advised in the past. In December 2015 the AFM announced that the reassessment of the interest rate derivatives of various banks, including de Volksbank, was not conducted in a proper manner and therefore had to be reconsidered. On 1 March 2016, the AFM and the Minister of Finance announced the appointment of a Committee of Experts to set up a Recovery Framework in collaboration with the banks. On 5 July 2016, the Committee of Experts presented the Recovery Framework to the Minister of Finance. This Recovery Framework will form the basis on which the banks have to reassess the interest derivatives in order to investigate whether or not compensation has to be offered to individual clients of such bank. de Volksbank will participate in the Recovery Framework. See also section 'AFM investigation into Interest Rate Derivatives' under 'Recent developments' above for a more extensive description of this matter.

## SELECTED FINANCIAL INFORMATION OF DE VOLKSBANK

De Volksbank's publicly available financial statements and auditor's report for the years ended 31 December 2016 (set forth on pages 182 up to and including 244 (financial statements) and pages 248 up to and including 255 (auditor's report) of its 2016 annual report) and 31 December 2015 (set forth on pages 194 up to and including 271 (financial statements) and pages 272 up to and including 280 (auditor's report) of its 2015 annual report) are incorporated by reference into this Prospectus. The information contained in this section of the Prospectus is derived from the publicly available financial statements and auditor's reports mentioned above.

### **Key Figures of de Volksbank**

*(amounts in millions of EUR)*

	<b>31-12-2016</b>	<b>31-12-2015</b>
Total assets	<b>61,561</b>	<b>62,690</b>
Loans and advances to customers of which mortgage loans	<b>48,593</b> <b>45,538</b>	<b>49,217</b> <b>45,631</b>
Amounts due to customers of which savings	<b>47,428</b> <b>36,593</b>	<b>47,440</b> <b>36,860</b>
Equity distributable to Shareholders	<b>3,541</b>	<b>3,302</b>
Total capital	<b>3,655</b>	<b>3,397</b>
Common Equity Tier 1 ratio	<b>29.2%</b>	<b>25.3%</b>
Tier 1 ratio	<b>29.2%</b>	<b>25.3%</b>
Total capital ratio	<b>33.8%</b>	<b>29.5%</b>
Net interest income	<b>911</b>	<b>994</b>
Other income of which net commission and management fees	<b>96</b> <b>57</b>	<b>131</b> <b>48</b>
Net profit / loss	<b>329</b>	<b>348</b>
Branches in numbers (unaudited)	<b>196</b>	<b>189</b>
Cash dispensers in numbers (unaudited)	<b>393</b>	<b>438</b>
Employees in numbers (fte's, ultimo) (unaudited)	<b>3,354</b>	<b>3,340</b>

### Capitalisation of de Volksbank

The following table sets forth the capitalization and long-term indebtedness of de Volksbank on a consolidated basis:

<i>(amounts in millions of EUR)</i>	<b>31-12-2016</b>	<b>31-12-2015</b>
Short-term debt (remaining terms to maturity up to and including five years)		
- Savings	34,380	34,295
- Other amounts due to customers	7,682	8,073
- Derivatives	669	1,119
- Debt certificates	4,076	5,634
- Amounts to banks	1,278	724
- Subordinated debts	501	493
- Other liabilities	948	981
- Liabilities held for sale	--	37
<b>Total short-term debt</b>	<b>49,534</b>	<b>51,356</b>
Long-term debt (remaining terms to maturity over five years)		
- Savings	2,213	2,565
- Other amounts due to customers	3,153	2,507
- Derivatives	1,192	1,070
- Debt certificates	1,620	1,307
- Amounts due to banks	168	276
- Participation cert. and subordinated debts	--	--
- Other liabilities and deferred tax liabilities	140	307
- Liabilities held for sale <sup>6</sup>	--	--
<b>Total long-term debt</b>	<b>8,486</b>	<b>8,032</b>
- Savings	36,593	36,860
- Other amounts due to customers	10,835	10,580
- Derivatives	1,861	2,189
- Debt certificates	5,696	6,941
- Amounts due to banks	1,446	1,000
- Subordinated debts	501	493
- Other liabilities and provisions	1,088	1,288
- Liabilities held for sale	--	37
<b>Total debt</b>	<b>58,020</b>	<b>59,388</b>
<b>Total equity and debt</b>	<b>61,561</b>	<b>62,690</b>

<sup>6</sup> Long-term debt Other liabilities includes liabilities for which the contractual maturity was not determined of €59 million (2015 €304 million).

\* The issued and paid-up share capital consists of 840,008 shares with a nominal value of € 453.79 each.

Share Capital*	381	381
Cash Flow Hedge Reserve	44	57
Fair Value reserve	132	111
Other Reserves	2,655	2,405
Retained Earnings	329	348
Total equity	<b>3,541</b>	<b>3,302</b>

#### ***Financial Year***

The financial year of de Volksbank is the calendar year.

#### ***Independent Auditors***

The consolidated financial statements of de Volksbank for 2016 have been audited by Ernst & Young Accountants LLP Amsterdam, the Netherlands. The consolidated financial statements of de Volksbank for 2015 have been audited by KPMG Accountants N.V. Amstelveen, the Netherlands. The independent auditors have given an unqualified opinion for each of these years.

#### ***Summary Consolidated Accounts***

The 2016 and 2015 financial statements of de Volksbank have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

## Consolidated Balance Sheet

In € millions	31-12-2016	31-12-2015
<b>Assets</b>		
Cash and cash equivalents	2,297	2,259
Derivatives	1,533	1,993
Investments	5,970	6,376
Loans and advances to banks	2,532	2,081
Loans and advances to customers	48,593	49,217
Property and equipment	73	77
Intangible assets	15	15
Deferred tax assets	137	284
Other assets	411	278
Assets held for sale	--	110
<b>Total assets</b>	<b>61,561</b>	<b>62,690</b>
<b>Equity and liabilities</b>		
Savings	36,593	36,860
Other amounts due to customers	10,835	10,580
Amounts due to banks	1,446	1,000
Debt certificates	5,696	6,941
Derivatives	1,861	2,189
Deferred tax liabilities	59	216
Corporate income tax	18	11
Other liabilities	891	955
Other provisions	103	83
Provision for employee benefits	17	23
Subordinated debts	501	493
Liabilities held for sale	--	37
Share capital	381	381
Other reserves	2,831	2,573
Retained earnings	329	348
Shareholders' equity	3,541	3,302
<b>Total equity and liabilities</b>	<b>61,561</b>	<b>62,690</b>

## Consolidated Profit And Loss Account

In € millions	2016	2015
<b>Income</b>		
Interest income	1,592	1,888
Interest expense	681	894
Net interest income	911	994
Fee and commission income	108	103
Fee and commission expense	51	55
Net fee and commission income	57	48
Investment income	57	42
Result on financial instruments	(20)	39
Other operating income	2	2
<b>Total income</b>	<b>1,007</b>	<b>1,125</b>
<b>Expenses</b>		
Staff costs	398	371
Depreciation and amortisation of tangible and intangible assets	22	23
Other operating expenses	222	196
Impairment charges	(68)	37
Other expenses	1	22
<b>Total expenses</b>	<b>575</b>	<b>649</b>
<b>Result before taxation</b>	<b>432</b>	<b>476</b>
Taxation	103	128
<b>Net result continued operations</b>	<b>329</b>	<b>348</b>
Net result discontinued operations	--	--
<b>Net result for the financial year</b>	<b>329</b>	<b>348</b>
Attribution:		
Net profit attributable to shareholder	329	348
Net profit attributable to minority interests	--	--
<b>Net result for the financial year</b>	<b>329</b>	<b>348</b>

## Consolidated cash flow statement

In € millions	2016	2015
<b>Cash flow from operating activities</b>		
Operating profit before taxation	432	476
Adjustments for:		
Depreciation and amortisation of tangible and intangible assets	22	21
Changes in other provisions and deferred tax	4	146
Impairment charges and reversals	(68)	37
Unrealised results on investments through profit and loss	10	23
Tax paid	(140)	--
<b>Change in operating assets and liabilities</b>		
Change in advances and liabilities to customers	879	3,655
Change in advances and liabilities to banks	(5)	(482)
Change in savings	(267)	1,194
Change in trading portfolio	(150)	209
Change in other operating activities	(89)	(1,572)
<b>Net cash flow from operating activities</b>	<b>628</b>	<b>3,707</b>
<b>Cash flow from investing activities</b>		
Sale of property and equipment	--	1
Sale and redemption of investments and derivatives	3,059	3,505
Purchase of intangible assets	(4)	(6)
Purchase of property and equipment	(13)	(14)
Purchase of investments and derivatives	(2,337)	(3,165)
<b>Net cash flow from investing activities</b>	<b>705</b>	<b>321</b>



**Cash flow from financing activities**

Issue of subordinated loans	--	493
Issues of debt certificates	545	216
Redemption of subordinated loans	--	(40)
Redemption of debt certificates	(1,740)	(4,406)
Paid dividends	(100)	--
<b>Net cash flow from financing activities</b>	<b>(1,295)</b>	<b>(3,737)</b>
Cash and cash equivalents as at 1 January	2,259	1,968
Change in cash and cash equivalents	38	291
<b>Cash and cash equivalents as at 31 December</b>	<b>2,297</b>	<b>2,259</b>
Additional disclosure of cash flows from operating activities		
Interest income received	2,033	2,239
Dividends received	1	--
Interest paid	1,100	1,190

## Capitalisation

in €millions	CRD IV transitional		CRD IV fully phased in	
	2016	2015	2016	2015
<b>Shareholders' equity</b>	<b>3,541</b>	<b>3,302</b>	<b>3,541</b>	<b>3,302</b>
Not eligible interim profits	-223	-104	-223	-104
Not eligible retained earnings previous years <sup>1</sup>	--	-2	--	-2
<b>Shareholders' equity for CRD IV purposes</b>	<b>3,318</b>	<b>3,196</b>	<b>3,318</b>	<b>3,196</b>
Increased in equity resulting from securitised assets	--	-9	--	-9
Cash flow hedge reserve	-44	-57	-44	-57
Fair value reserve	-54	-67	--	--
Other prudential adjustments	-3	-3	-3	-3
<b>Total prudential filters</b>	<b>-101</b>	<b>-136</b>	<b>-47</b>	<b>-69</b>
Intangible assets	-15	-15	-15	-15
Deferred tax assets	--	--	--	--
IRB shortfall <sup>1</sup>	-38	-29	-47	-42
Facility SRH <sup>2</sup>	--	-100	--	-100
<b>Total capital deductions</b>	<b>-53</b>	<b>-144</b>	<b>-62</b>	<b>-157</b>
<b>Total regulatory adjustments to shareholders' equity</b>	<b>-154</b>	<b>-280</b>	<b>-109</b>	<b>-226</b>
<b>CRD IV common equity Tier 1 capital</b>	<b>3,164</b>	<b>2,916</b>	<b>3,209</b>	<b>2,970</b>
Additional Tier 1 capital	--	--	--	--
<b>Tier 1 capital</b>	<b>3,164</b>	<b>2,916</b>	<b>3,209</b>	<b>2,970</b>
Eligible Tier 2	500	493	500	493
IRB shortfall <sup>1</sup>	-9	-12	--	--
<b>Total Tier 2 capital</b>	<b>491</b>	<b>481</b>	<b>500</b>	<b>493</b>
<b>Total capital</b>	<b>3,655</b>	<b>3,397</b>	<b>3,709</b>	<b>3,463</b>

1. The IRB shortfall is the difference between the expected loss under the CRD IV Regulation/CRD IV Directives and the IFRS retail mortgages provision. During the transitional phase the shortfall (initially equally divided over Tier 1 and Tier 2 capital) is attributed for a growing part to Tier 1 capital.
2. In February 2016, a € 100 million credit facility between SNS Bank and SRH (formerly SNS REAAL) was terminated and repaid. The absence of this deduction has an impact of 0.9% on the CET1 ratio.

## FORM OF THE NOTES

Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) be initially represented by a temporary global Note (the "**Temporary Global Note**") (or, if so specified in the applicable Final Terms, a permanent global Note (the "**Permanent Global Note**")), without receipts, interest coupons or talons, which, if it is not intended to be issued in NGN form, as specified in the applicable Final Terms, will either (i) be delivered to a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing systems or (ii) be deposited with Euroclear Nederland and each global Note which is intended to be issued in NGN form, as specified in the applicable Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. 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 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) has or have given a like certification (based on the certifications it has or they have received) to the Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearing and/or settlement system(s) specified in the applicable Final Terms.

On 13 June 2006 the ECB announced that Notes in NGN form are in compliance with the 'Standards for the use of EU securities settlement systems in ESCB credit operations' of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used. Recognition as eligible collateral will also depend on satisfaction of Eurosystem eligibility criteria.

On and after the date (the "**Exchange Date**") which is not less than 40 days nor 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 specified 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 in the second sentence of the preceding paragraph 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, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Pursuant to the Agency Agreement (as defined under the relevant *'Terms and Conditions of the Notes'*) the Agent shall arrange that, where a Temporary Global Note representing a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg which are different from the ISIN and common code assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche. In case of Notes which have a denomination consisting of 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 € 100,000 (or the equivalent thereof) that are not integral multiples of € 100,000 (or the equivalent thereof). So long as such Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, these Notes will be tradeable only in the minimum authorised denomination of € 100,000 increased with integral multiples of € 1,000, notwithstanding that no Definitive Notes will be issued with a denomination over € 199,000.

Definitive Notes will be in the standard euromarket form. Definitive Notes and global Notes will be bearer.

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 to or to the order of any Paying Agent without any requirement for certification. A Permanent Global Note (other than a Permanent Global Note deposited with Euroclear Nederland) will, unless otherwise specified in the applicable Final Terms, be exchangeable (free of charge), in whole 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 only upon the occurrence of any Exchange Event. An "**Exchange Event**" means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have 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) any of the circumstances described in Condition 11 of the Terms and Conditions of the Notes occur or (3) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 9 of the Terms and Conditions of the Notes which would not be required were the Notes represented in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 15 of the Terms and Conditions of the Notes upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event as described in (1) above, Euroclear and/or Clearstream, Luxembourg, 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, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in definitive form. Delivery (*uitlevering*) of definitive Notes represented by a Global Note deposited with Euroclear Nederland shall only be possible in the limited circumstances as described in the Wge (as amended from time to time) and such delivery will be made in accordance with the Wge and the rules and regulations of Euroclear Nederland (as amended from time to time).

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 limitation under the United States income tax laws, including the limitations provided in sections 165(j) 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 of 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.

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 Nederland as the case may be.

Pursuant to the Agency Agreement the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to

Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg 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 held in Euroclear Nederland:

*'Notice: This Note is issued for deposit with Euroclear Nederland 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 11 of the Terms and Conditions 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 Nederland) 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 Nederland) 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 Nederland) on and subject to the terms of the relevant Global Note. In the case of a Global Note deposited with Euroclear Nederland, the rights of Noteholders will be exercised in accordance with the Wge (as amended from time to time).

## USE OF PROCEEDS

Except as otherwise specified in the applicable Final Terms, the net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be specified in the applicable Final Terms, if so required pursuant to applicable law.

In particular, if so specified in the applicable Final Terms, the Issuer will apply the net proceeds from an offer of Notes specifically for projects and activities that promote climate and other environmental purposes ("**Green Projects**"). Such Notes may also be referred to as "**Green Bonds**". If such Green Bonds will be issued, the applicable Final Terms will specify for which category of Green Projects the proceeds of the Green Bonds will be used.

## TAXATION

### General

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Notes, Coupons or Receipts. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes, Coupons or Receipts and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Noteholders or prospective noteholders should consult with their own tax advisors with regard to the tax consequences of investing in the Notes, Coupons or Receipts in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, whereby the Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, including, for the avoidance of doubt, the tax rates and brackets applicable on the date hereof, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

### Withholding tax

All payments of principal and/or interest made by the Issuer under the Notes, Coupons or Receipts 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, unless the Notes are treated as equity of the Issuer for Netherlands tax purposes.

### Taxes on income and capital gains

Please note that the summary in this section does not describe the Netherlands tax consequences for:

- (i) holders of Notes, Coupons or Receipts if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder, alone or, in case of individuals, together with his /her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de Vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and
- (iii) holders of Notes, Coupons or Receipts who are individuals for whom the Notes, Coupons or Receipts or any benefit derived from the Notes, Coupons or Receipts are a remuneration or deemed to be a

remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001).

#### *Netherlands Resident Entities*

Generally speaking, if the holder of Notes, Coupons or Receipts is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a "Netherlands Resident Entity"), any payment under the Notes, Coupons or Receipts or any gain or loss realised on the disposal or deemed disposal of the Notes, Coupons or Receipts is subject to Netherlands corporate income tax at a rate of 20% with respect to taxable profits up to €200,000 and 25% with respect to taxable profits in excess of that amount.

#### *Netherlands Resident Individuals*

If a holder of Notes, Coupons or Receipts is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a "Netherlands Resident Individual"), any payment under the Notes, Coupons or Receipts or any gain realised on the disposal or deemed disposal of the Notes, Coupons or Receipts is taxable at the progressive income tax rates (with a maximum of 52%), if:

- (i) the Notes, Coupons or Receipts are attributable to an enterprise from which the holder of Notes, Coupons or Receipts derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise, without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or
- (ii) the holder of Notes, Coupons or Receipts is considered to perform activities with respect to the Notes, Coupons or Receipts that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes, Coupons or Receipts that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

*Income from savings and investments (inkomen uit sparen en beleggen)*. If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, Coupons or Receipts, such holder will be taxed annually on a deemed variable return (with a maximum of, currently, 5.39%) of his/her net investment assets (*rendementsgrondslag*) for the year at an income tax rate of 30%.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes, Coupons or Receipts are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes, Coupons or Receipts are not subject to Netherlands income tax.

For the net investment assets on 1 January 2017, a deemed return between 2.87% and 5.39% (depending on the amount of such holder's net investment assets on 1 January 2017) will be applied. The deemed, variable return will be adjusted annually.

#### *Non-residents of the Netherlands*

A holder of the Notes, Coupons or Receipts that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes, Coupons or Receipts or in respect of any gain or loss realised on the disposal or deemed disposal of the Notes, Coupons or Receipts, provided that:

- (i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent



establishment, a deemed permanent establishment or a permanent representative taxable in the Netherlands and to which enterprise or part of an enterprise the Notes, Coupons or Receipts are attributable; and

- (ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes, Coupons or Receipts that go beyond ordinary asset management and does not derive benefits from the Notes, Coupons or Receipts that are taxable as benefits from other activities in the Netherlands.

### **Gift and inheritance taxes**

#### *Residents of the Netherlands*

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes, Coupons or Receipts by way of a gift by, or on the death of, a holder of such Notes, Coupons or Receipts who is resident or deemed resident of the Netherlands at the time of the gift or his/her death.

#### *Non-residents of the Netherlands*

No Netherlands gift or inheritance taxes will arise on the transfer of Notes, Coupons or Receipts by way of gift by, or on the death of, a holder of Notes, Coupons or Receipts who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) in the case of a gift of a Note, Coupon or Receipt 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
- (ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be a resident in the Netherlands.

For purposes of the above, a gift of Notes made under a condition precedent (*opschortende voorwaarde*) is deemed to be made at the time the condition precedent is satisfied.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

### **Value added tax (VAT)**

No Netherlands VAT will be payable by the holders of Notes, Coupons or Receipts on (i) any payment in consideration for the issue of the Notes, Coupons or Receipts or (ii) the payment of interest or principal by the Issuer under the Notes, Coupons or Receipts.

### **Other taxes and duties**

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty will be payable by the holders of Notes, Coupons or Receipts in respect of (i) the issue of the Notes, Coupons or Receipts or (ii) the payment of interest or principal by the Issuer under the Notes, Coupons or Receipts.

### **Residency**

A holder of Notes, Coupons or Receipts will not become, and will not be deemed to be, resident of the Netherlands for Netherlands tax purposes by reason only of the execution, performance, delivery and/or enforcement of the Notes, Coupons or Receipts.

## SUBSCRIPTION AND SALE

The Dealers have in a dealership agreement dated on or about 19 October 2017 (the "**Dealership Agreement**") (as supplemented from time to time) 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*'. In the Dealership Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

### General

#### Prohibition of sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Notes specifies the 'Prohibition of Sales to EEA Retail Investors' as 'Not Applicable', each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression 'retail investor' means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Prospectus Directive (as defined below); and
- (b) the expression an 'offer' includes the communication in any form and 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.

Prior to 1 January 2018 and from that date, if the Final Terms in respect of any Notes specifies 'Prohibition of Sales to EEA Retail Investors' as 'Not Applicable', in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 to the public which are the 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) 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 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 any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (c) at any time to fewer than 150 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
- (d) 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 (d) 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 purposes 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 and 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 Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year:
  - 1. it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
  - 2. it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated, and will only communicate or cause to communicate, any 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 Notes in circumstances in which Section 21(1) of the FSMA does not, or in the case of the Issuer would not, if it was not an authorised person, apply to the Issuer; and
- (c) 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**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes to the public in the Netherlands which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto, except that it may make an offer of such Notes to the public in the Netherlands:

- a) following the date of publication of a prospectus in relation to such Notes which has been approved by the AFM or, where appropriate, approved in another Relevant Member and notified to the AFM in

accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable; and

- b) at any time to any legal entity which is a qualified investor (*gekwalificeerde belegger*) as defined in the Wft,

provided that no such offer of Notes referred to in (b) 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 purposes of this provision, the expression (i) "**an offer of Notes to the public**" in the Netherlands in relation to any Notes and (ii) "**Prospectus Directive**", have the meaning given to them above in the paragraph headed with "*Public Offer Selling Restriction under the Prospectus Directive*".

#### **United States of America**

1. The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or jurisdiction of the United States and may not be offered or sold or delivered 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. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act ("**Regulation S**").

Notes in bearer form 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 of 1986, as amended, and regulations thereunder.

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 in the Dealership Agreement it, its affiliates (as defined in Rule 405 under the Securities Act) or any person acting on its or their behalf has offered and sold any Notes, and will offer and sell any Notes (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 (the "**distribution compliance period**"), as determined and notified as provided below. Accordingly, each Dealer has further represented and agreed that it, its affiliates and any person acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer who has subscribed for Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche subscribed for by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and notify to the Agent the completion of the distribution by it of the Notes of such Tranche. On the basis of such notification or notifications, the Agent will notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer has also agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

*'The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and notified by the Agent to the [name of the relevant Dealer], except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them in Regulation S.'*

Terms used in this subclause 1 have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

2. In addition (but only in relation to Notes with an initial maturity in excess of 365 days that are treated as issued in bearer form for U.S. federal income tax purposes):

*where TEFRA D is specified in the applicable Final Terms:*

- (a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**"), each Dealer (a) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (b) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (b) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each Dealer represents that it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each affiliate that acquires Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf.

Terms used in this paragraph 1(2) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

*where TEFRA C is specified in the applicable Final Terms:*

Each Dealer understands that under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, the Dealer has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Dealer or the prospective purchaser is within the United States or its possessions or otherwise involve a U.S. office of the Dealer in the offer or sale of Notes in bearer form. Terms used in this paragraph 1(2) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

3. Each issue of Dual Currency Notes shall be subject to any additional U.S. selling restrictions specified in the applicable Final Terms. Each relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended from time to time, the "**FIEA**") and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or

indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except under circumstances which will result in compliance with the FIEA and other relevant laws, regulations and guidelines of Japan in effect at the relevant time.

### **Zero Coupon Notes**

In addition and without prejudice to the relevant restrictions set out above, Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended from time to time) and its implementing regulations.

No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Global Note; (b) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals who do not act in the conduct of a business or profession; (c) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof; or (d) in respect of the transfer and acceptance 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 or Tranche are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with.

As used herein "**Zero Coupon Notes**" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### **General**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and 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 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 or deliveries and the Issuer shall not have any responsibility therefore. 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 other additional restrictions specified in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The setup of the Programme and each future issue under the Programme were duly authorized by a resolution of the Board of Directors of the Issuer dated 17 October 2017. All consents, approvals, authorizations or other orders of all regulatory authorities required by the Issuer under Dutch law have been or will be obtained for the issue of Notes and for the Issuer to undertake and perform its obligations under the Dealership Agreement, Agency Agreement and the relevant Notes.

### 403-guarantee

The Issuer has provided guarantees as referred to in Article 2:403 of the Dutch Civil Code (exemption from filing and publishing financial statements).

The Issuer has issued 403-guarantees for the following subsidiaries: ASN Duurzame Deelnemingen N.V., ASN Vermogensbeheer B.V., Pettelaar Effectenbewaarbedrijf N.V., SNS Mortgage Receivables B.V., SNS Global Custody B.V., and Holland Woningfinanciering N.V. In the 403-guarantee the Issuer declares itself to be jointly and severally liable for the obligations of the relevant subsidiary resulting from legal acts executed by it. If enforced in accordance with its terms, the Issuer may be held liable under these guarantees and therefore may have to pay to that creditor of the relevant subsidiary.

On 7 August 2014, SRH (formerly known as SNS REAAL), the former holding company of the Issuer, withdrew the 403-guarantee for the Issuer including any remaining liabilities thereunder. For the avoidance of doubt, Noteholders will therefore not be able to invoke a claim against SRH on the basis of a 403-guarantee with respect to a claim of such Noteholder against the Issuer.

Following the transfer of the shares of SNS Property Finance B.V. (renamed to Propertize B.V.) via the Dutch State to NLFI on 31 December 2013, the Issuer withdrew the 403-guarantee for Propertize on 31 December 2013. It also terminated the remaining liability pursuant to Article 2:404 of the Dutch Civil Code. The Issuer also withdrew the 403-guarantees for four subsidiaries of Propertize on 31 December 2013, and terminated the remaining liability.

The 403-guarantee and remaining liability was irrevocably terminated for all creditors of Propertize, with the exception of two creditors of Propertize (see risk factor: *'the Issuer has issued guarantees'* and the section *'de Volksbank'* under *'Legal Proceedings - Guarantees pursuant to Article 2:403 of the Dutch Civil Code for Propertize et al.'*).

Following the transfer of the shares of SNS Securities N.V. to a subsidiary of NIBC Bank N.V. on 30 June 2016, the Issuer withdrew the 403-guarantee for SNS Securities N.V. on 30 June 2016. It also terminated the remaining liability pursuant to Article 2:404 of the Dutch Civil Code.

As a result of the Merger, the issued 403-guarantees for ASN Bank and RegioBank have lapsed as a result of the Merger and the disappearance of ASN Bank and RegioBank.

### Significant or material adverse change

There has been no significant change in the financial or trading position of the Issuer and its subsidiaries since 30 June 2017 and there has been no material adverse change in the prospects of the Issuer since 31 December 2016, the last day of the financial period in respect of which audited financial statements of de Volksbank have



been prepared.

### **Legal proceedings**

Save as disclosed under '*Legal Proceedings*' starting on page 64, there have not been any governmental, legal and arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have, or have had in such period a significant effect on the financial position or profitability of the Issuer.

### **Listing**

Application may be made to Euronext Amsterdam for Notes up to the expiry of 12 months from the date of this Prospectus to be listed and admitted to trading on Euronext Amsterdam. In addition, Notes may be listed and admitted to trading on the Luxembourg Stock Exchange. The Issuer may also issue unlisted Notes.

### **Documents Available**

For the period of twelve (12) months following the approval by the AFM of this Prospectus, copies of the following documents will, when published, be available free of charge, from the specified offices of the Paying Agents, from the specified offices of the Amsterdam Listing Agent and the Luxembourg Listing Agent and at the office of the Issuer at Croeselaan 1, 3521 BJ, Utrecht, the Netherlands:

- (i) the Dutch language version and an English translation of the most recent articles of association of the Issuer;
- (ii) the audited annual reports of the Issuer for the two most recent financial years and the unaudited (semi-annual) interim financial statements for the period ended 30 June 2017 of the Issuer;
- (iii) the Dealership 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);
- (iv) a copy of this Prospectus;
- (v) any future prospectuses, offering circulars, supplementary listing particulars, information memoranda, supplements to this Prospectus and any other documents incorporated herein or therein by reference; and
- (vi) the applicable Final Terms for each Tranche of Notes which are offered to the public or admitted to trading on a regulated market.

### **Clearing and Settlement Systems**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and LCH.Clearnet S.A. (the securities clearing corporation that serves Euronext in Amsterdam). The appropriate common code and ISIN for each Tranche allocated by Euroclear, Clearstream, Luxembourg and LCH.Clearnet S.A., 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.

### **Clearing systems addresses**

The address of Euroclear is 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg. The address of Euroclear Nederland is Herengracht 459 - 469, 1017 BS Amsterdam, the Netherlands. The address of LCH.Clearnet Group Ltd. is Aldgate House, 33 Aldgate High Street, London EC3N 1EA, United Kingdom.

### **Ratings of the Notes**

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Senior Notes issued under the Programme and will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be

subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Ratings in relation to the Issuer and certain Notes are described in the chapter headed '*de Volksbank N.V.*', section '*Rating Agencies*'.

***Ratings of the Issuer***

Ratings in relation to the Issuer and certain Notes are described in the chapter headed '*de Volksbank N.V.*', section '*Rating Agencies*'.

**CRA Regulation**

As of the date of this Prospectus, each of Fitch, S&P and Moody's is established in the European Union and is registered under the CRA Regulation. Each credit rating applied for in relation to a tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

The rating of a certain Series or Tranche of Notes may be specified in the applicable Final Terms. Whether a credit rating applied for in relation to a relevant Series or Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed clearly and prominently in the applicable Final Terms.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been approved by the AFM or filed with it shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) The Issuer's publicly available financial statements and auditor's report for the year ended 31 December 2016 (set forth on pages 182 up to and including 244 (financial statements) and pages 248 up to and including 255 (auditor's report) of its 2016 annual report (English translation));
- (b) The Issuer's publicly available financial statements and auditor's report for the year ended 31 December 2015 (set forth on pages 194 up to and including 271 (financial statements) and pages 272 up to and including 280 (auditor's report) of its 2015 annual report (English translation));
- (c) The Issuer's publicly available interim financial statements for the period ended 30 June 2017 (set forth on pages 30 to 40 (financial statements) and page 41 (auditor's review report) of its interim financial report first half of 2017 (English translation));
- (d) The terms and conditions as referred to on pages 91 up to and including 128 of the base prospectus of the Issuer relating to the Programme, dated 19 October 2016 (the "**2016 Terms and Conditions**")
- (e) The transparency statement in respect of the consolidated and company financial statements of the Issuer issued by the Board of Directors as set forth on page 152 of its 2016 annual report (English translation) and as set forth on page 180 up to and including 181 of its 2015 annual report (English translation);
- (f) The Issuer's articles of association as per the date of approval of this Prospectus (in the original Dutch language version as well as in English translation);
- (g) A press release published by SNS REAAL on 18 December 2013 regarding the EC's decision on nationalisation measures in support of SNS REAAL;
- (h) A press release published by SNS REAAL on 28 August 2015 regarding the sale of the shares in the Issuer to the Dutch State;
- (i) A press release published by SNS REAAL on 1 October 2015 regarding the transfer of the Issuer to the Dutch State;
- (j) A press release published by the Issuer on 29 October 2015 regarding the issue of €500.000.000 3.75 per cent. Callable Resettable Dated Subordinated Notes due 2025 (Tier 2 notes);
- (k) Chapter 3 (*Risk, Capital & Liquidity management*) set forth on pages 80 up to and including 150 of the Issuer's 2016 annual report (English translation);;
- (l) A letter sent by the Dutch Minister of Finance to the Dutch Parliament on 1 July 2016 regarding the future of the Issuer;
- (m) A press release published by the Issuer on 29 July 2016 regarding the participation of the Issuer in the SSM SREP stress test;
- (n) A press release published by the Issuer on 27 September 2016 regarding the change of the names of the Issuer and SNS Holding B.V. and the simplification of the business operations of the Issuer;
- (o) A press release published by the Issuer on 23 February 2017 regarding the Issuer's annual results (with the exception of page 8 'Outlook');
- (p) A press release published by the Issuer on 20 April 2017 regarding the change in the composition of the Supervisory Board of the Issuer;
- (q) A press release published by the Issuer on 24 August 2017 regarding the appointment of a new member of the Supervisory Board of the Issuer; and
- (r) A press release published by the Issuer on 24 August 2017 regarding the resignation of Mr. R.G.J. Langezaal as member of the Board of Directors.

These documents can be obtained without charge at the offices of the Issuer (Croeselaan 1, 3521 BJ Utrecht, the Netherlands, de Volksbank Investor relations, tel: +31 30 291 42 46/ +31 30 291 42 47,

jacob.bosscha@devolksbank.nl and kagan.koktas@devolksbank.nl) and the Agent (Banque Internationale à Luxembourg SA, 69 Route d'Esch, L-2953 Luxembourg, Luxembourg, Transaction Execution Group, tel: +352 4590 1), each as set out at the end of this Prospectus. In addition all these documents and the Prospectus are available on the Issuer's website at <https://www.devolksbank.nl/investor-relations-1/debt-information/unsecured-funding/medium-term-notes.html>.

The non-incorporated parts of the documents mentioned above are either not relevant for the investor or covered elsewhere in this Prospectus.

Any information contained in or accessible through any website, including www.volksbank.nl, does not form a part of the Prospectus, unless specifically stated in the Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Prospectus that all or any portion of such information is incorporated by reference in the Prospectus.

## CHAPTER 2: NOTES ISSUED BY DE VOLKSBANK

### PART 1: TERMS AND CONDITIONS

*The following are the Terms and Conditions of Notes to be issued by de Volksbank 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 de Volksbank and the relevant Dealer, incorporated by reference into) each definitive Note in the standard euromarket form. 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. 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 of Notes issued by Volksbank N.V. (the "**Issuer**", which expression shall include any Substituted Debtor pursuant to Condition 18) pursuant to the Agency Agreement (as defined below). References herein to the "**Notes**" shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) 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) have the benefit of an Agency Agreement dated on or about 19 October 2017 (as supplemented from time to time, the "**Agency Agreement**") and made between the Issuer and Banque Internationale à Luxembourg SA ("**BIL**") as issuing and principal paying agent and agent bank (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 specified in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or 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. 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 deposits held by Euroclear Nederland or one of its participants.

References in these Terms and Conditions to "**Coupons**" will include references to Coupon sheets where applicable.

The Final Terms for this Note are endorsed hereon, attached hereto, applicable hereto or incorporated by reference herein and supplement these Terms and Conditions.

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 Tranche of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) from the date on which such consolidation is expressed to take effect.

Copies of the Agency Agreement and the applicable Final Terms are available at the specified offices of each of the Agent and the other Paying Agents save that 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.

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.

Any references in these Terms and Conditions to any particular provision, article, clause, section or paragraph of a law, directive, regulation or other legislation shall include such provision, article, clause, section or paragraph as consolidated, amended, re-enacted or replaced.

### *General Definitions*

In these Terms and Conditions the following expressions shall have the following meanings.

<b>Additional Tier 1 Capital</b>	capital which is treated as Additional Tier 1 capital (or any equivalent or successor term) under the CRD IV requirements by the Competent Authority for the purposes of the Issuer.
<b>Additional Financial Centre</b>	any financial centre, specified as such in the applicable Final Terms.
<b>Accrual Yield</b>	the accrual yield specified as such in the applicable Final Terms.
<b>Additional Business Centre</b>	any business centre, specified as such in the applicable Final Terms.
<b>ALAC</b>	additional loss absorbing capacity ratio (or such similar nomenclature) used by S&P.
<b>Amortised Face Amount</b>	has the meaning specified in Condition 8(g)(iii).
<b>Broken Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Business Day</b>	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 any Additional Business Centre specified in the applicable Final Terms; and (B) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and any Additional Business Centre which, if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New

Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is operating. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereof.

**Business Day Convention**

The Following Business Day Convention, Modified Following Business Day Convention, No Adjustment or the Preceding Business Day Convention as specified in the applicable Final Terms.

**Calculation Amount**

the amount specified as such in the applicable Final Terms.

**Change of Interest Basis Option**

has the meaning specified in Condition 6(e).

**Change of Interest Basis Option Date**

the date specified as such in the applicable Final Terms.

**Clearstream, Luxembourg**

Clearstream Banking, S.A.

**Competent Authority**

means the ECB, DNB or such other regulatory authority or governmental body having primary responsibility for the prudential oversight and supervision of the Issuer, or, as the case may be, a Resolution Authority.

**Day Count Fraction**

in respect of the calculation of an amount of interest for any Interest Period: any day count fraction specified as such in the applicable Final Terms calculated in accordance with the method set out in Condition 6(a) or 6(b) as applicable.

**Determination Period**

means the period from and including an Interest Payment Date in any year to, but excluding, the next Interest Payment Date; and if "30/360" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30- day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

**DNB**

means the Dutch Central Bank (*De Nederlandsche Bank*).

<b>Dual Currency Note</b>	a Note in respect of which payments of interest and/or principal (as specified in the applicable Final Terms) will be made in any other currency than the Specified Currency. Such currency or currencies and the exchange rate ("Rate of Exchange") used to calculate payments of interest or principal will be specified in the applicable Final Terms.
<b>Dutch Intervention Act</b>	Dutch Act on special measures regarding financial institutions ( <i>Wet bijzondere maatregelen financiële ondernemingen</i> ) and any rules or regulations related thereto.
<b>Early Redemption Amount</b>	an amount calculated in accordance with Condition 8(g).
<b>ECB</b>	means the European Central Bank.
<b>Established Rate</b>	the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Community regulations), shall be as established by the Council of the European Union pursuant to Article 140 of the Treaty.
<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 on the functioning of the European Union, as amended from time to time, and as defined in Article 2 of Council Regulation (EC) no.974/98 of 3 May 1998 on the introduction of the euro as amended from time to time.
<b>Euroclear</b>	Euroclear Bank S.A./N.V.
<b>Euroclear Nederland</b>	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
<b>Event of Default</b>	has the meaning specified in Condition 11.
<b>Exchange Notice</b>	has the meaning specified in Condition 5(a).
<b>Extraordinary Resolution</b>	means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions in the Agency Agreement contained by a majority consisting of not less than 75%. of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75%. of the votes given on such poll.
<b>Final Redemption Amount</b>	an amount specified as such in the applicable Final Terms.



<b>Fixed Coupon Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Fixed Rate(s) of Interest</b>	the Fixed Rate(s) of Interest specified as such in the applicable Final Terms.
<b>Fixed Rate Note</b>	any Note to which a Fixed Rate of Interest applies as specified in the applicable Final Terms.
<b>Floating Rate Convention</b>	has the meaning specified in Condition 6(b)(i)(B).
<b>Floating Rate Note</b>	any Note to which a Floating Rate applies as specified in the applicable Final Terms.
<b>Following Business Day Convention</b>	has the meaning specified in Condition 6(a) or 6(b) as applicable.
<b>Initial Interest Basis</b>	the initial interest basis as specified in the applicable Final Terms.
<b>Instalment Amount</b>	the amount specified as such in the applicable Final Terms.
<b>Instalment Date(s)</b>	the date(s) specified as such in the applicable Final Terms.
<b>Instalment Note</b>	a Note that may be redeemable in instalments as specified in the applicable Final Terms.
<b>Interest Amount</b>	has the meaning specified in Condition 6(b)(iv).
<b>Interest Basis Option Period</b>	the interest basis option period as specified in the applicable Final Terms.
<b>Interest Commencement Date</b>	the Issue Date unless otherwise specified in the applicable Final Terms.
<b>Interest Determination Date</b>	means the applicable interest determination date as specified in the applicable Final Terms.
<b>Interest Payment Date(s)</b>	means the applicable interest payment date(s) as specified in the applicable Final Terms.
<b>Interest Period</b>	means the applicable interest period as specified in the applicable Final Terms.
<b>ISDA Determination</b>	the method for determining the interest rate of Floating Rate Notes as specified in Condition 6(b)(ii)(a).
<b>Issue Date</b>	the issue date specified as such in the applicable Final Terms.

<b>Issue Price</b>	the issue price of the Notes specified as such in the applicable Final Terms.
<b>Issuer</b>	de Volksbank N.V. and any Substituted Debtor pursuant to Condition 18).
<b>LIBOR</b>	the London inter-bank offered rate.
<b>Long Maturity Note</b>	has the meaning specified in Condition 7(b).
<b>Margin</b>	the margin applicable to the Notes specified as such 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 specified as such in the applicable Final Terms.
<b>Maximum Redemption Amount</b>	the maximum redemption amount specified as such in the applicable Final Terms.
<b>Minimum Rate of Interest</b>	the minimum rate of interest specified as such in the applicable Final Terms or if no such rate is stated the Minimum Rate of Interest shall be deemed zero.
<b>Minimum Redemption Amount</b>	the minimum redemption amount specified as such in the applicable Final Terms.
<b>Modified Following Business Day Convention</b>	has the meaning specified in Condition 6(a) or 6(b) as applicable.
<b>MREL Requirement</b>	refers to the minimum requirement for own funds and eligible liabilities as referred to in Article 12 of the SRM Regulation, as may be amended from time to time, including any amendments or additional requirements that may become applicable to the Issuer in connection with the implementation of the TLAC standard in EU law, and including any subordination requirement that may become applicable to the Issuer pursuant to a decision of the Resolution Authority.
<b>Optional Redemption Amount</b>	an amount (if any) specified as such in 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 Redemption at the Option of the Issuer is applicable) or by the Noteholders to the Issuer (in the event Redemption of Notes at the Option of the

	Noteholders is declared applicable).
<b>Part Payment Amount</b>	means the amount specified as such in the applicable Final Terms.
<b>Part Payment Date</b>	means the date specified as such in the applicable Final Terms.
<b>Payment Day</b>	has the meaning specified in Condition 7(c).
<b>Preceding Business Day Convention</b>	has the meaning specified in Condition 6(a) or 6(b) as applicable.
<b>Rate of Exchange</b>	means the exchange rate specified as such in the applicable Final Terms.
<b>Rate(s) of Interest</b>	either the Fixed Rate of Interest or Floating Rate of Interest as specified in the applicable Final Terms.
<b>Redeemed Notes</b>	has the meaning specified in Condition 8(d).
<b>Redenomination Date</b>	means (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 Condition 5(a) and which in case of (i) the New Currency being euro, 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 and in case of (ii) the New Currency being a currency other than euro, shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender.
<b>Reference Price</b>	the reference price specified as such in the applicable Final Terms.
<b>Reference Rate</b>	the rate specified as such in the applicable Final Terms being either EURIBOR or LIBOR.
<b>Relevant Date</b>	has the meaning specified in Condition 9.
<b>Relevant 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>Relevant Time</b>	the time specified as such in the applicable Final Terms.
<b>Resolution Authority</b>	means, the European Single Resolution Board (consisting of

representatives from the ECB, the European Commission (the "EC") and the relevant national authorities, "SRB"), the ECB, DNB or such other regulatory authority or governmental body having the power to impose resolution measures, such as Statutory Loss Absorption on Notes, or other resolution tools or resolution action pursuant to the Applicable Resolution Framework.

**Resolution Notes**

Resolution Notes (and the related Receipts and Coupons) issued by the Issuer that constitute unsecured obligations of the Issuer that (i) rank *pari passu* without any preference among the Resolution Notes themselves (and the related Receipts and Coupons) and with all other present and future unsecured obligations of the Issuer (other than those obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank either in priority or junior to the Resolution Notes), (ii) rank senior to Subordinated Notes (iii) and rank junior to the Senior Notes and unsubordinated obligations ranking *pari passu* to Senior Notes (and those obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank in priority of Senior Notes).

**Screen Rate Determination**

the method for determining the interest rate of Floating Rate Notes as specified in Condition 6(b)(ii)(b).

**Selection Date**

has the meaning specified in Condition 8(d).

**Senior Notes**

Senior Notes (and the related Receipts and Coupons) issued by the Issuer that constitute unsecured and unsubordinated obligations of the Issuer and that rank *pari passu* without any preference among the Senior Notes themselves (and the related Receipts and Coupons) and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred or otherwise ranking junior or senior by mandatory and/or overriding provisions of law.

**Specified Currency**

the currency of the Notes specified as such in the applicable Final Terms.

**Specified Denomination**

the denomination of the Notes specified as such in the applicable Final Terms.

**Specified Interest Payment Date**

the interest payment date specified as such in the applicable Final Terms.

**Specified Period**

has the meaning specified in Condition 6(b)(i)(B).

**SRM Regulation**

Regulation (EU) No 806/2014 of the European Parliament

and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, and any rules or regulations related thereto.

**Subordinated Notes**

Subordinated Notes (and the related Receipts and Coupons) issued by the Issuer that constitute unsecured subordinated obligations of the Issuer that rank *pari passu* without any preference among Subordinated Notes themselves (and the related Receipts and Coupons) and with all other present and future unsecured and identically subordinated obligations of the Issuer, save for those preferred by mandatory and/or overriding provisions of law.

**Subsequent Interest Basis**

subject to the conditions set out in Condition 6(e) the interest basis specified as such in the applicable Final Terms that shall commence to apply upon exercise of the Change of Interest Basis Option.

**sub-unit**

means, 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.

**Tier 2 Capital**

means capital which is treated as a constituent of Tier 2 capital under the CRD IV requirements by the Competent Authority for the purposes of the Issuer.

**Treaty**

means the Treaty on the functioning of the European Union, as amended from time to time.

**Wft**

means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

**Zero Coupon Notes**

notes during the term of which no interest shall become due and payable. The applicable Final Terms 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) save that in the case of any Note the minimum Specified Denomination shall be € 100,000 (or its equivalent in any other currency as at the date of the issue of the Notes).

Each Note is a Senior Note, a Resolution Note or a Subordinated Note (as specified in the applicable Final Terms), where Subordinated Notes may qualify as Tier 2 Capital ("**Tier 2 Notes**") (as specified in the applicable Final Terms) for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

Each Note is either a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Note or an Instalment Note or a combination of any of the foregoing, as specified in the applicable Final Terms.

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

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. For Notes held by Euroclear Nederland, deliveries will be made in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*, "**Wge**") (as amended from time to time). 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 so long as any of the Notes is represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear 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 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 a 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 Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by a global Note held by a common depository for Euroclear or Clearstream, Luxembourg or by a common safekeeper will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg 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 but shall not include Euroclear Nederland.

## 2. **Status of the Senior Notes**

The Senior Notes and the related Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among the Senior Notes themselves and the related Receipts and Coupons and with all other present and future unsecured and unsubordinated obligations of the Issuer, save for those preferred or otherwise ranking junior or senior by mandatory and/or overriding provisions of law.

The Senior Notes rank senior to the Resolution Notes and the Subordinated Notes.

## 3. **Status and Characteristics relating to the Resolution Notes**

Subject to Condition 8(l), the Resolution Notes and the related Receipts and Coupons will constitute unsecured obligations of the Issuer, and shall at all times rank:

- i. *pari passu* without any preference among the Resolution Notes themselves and the related Receipts and Coupons and with all other present and future unsecured obligations of the Issuer (other than those obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank either in priority or junior to the Resolution Notes);
- ii. senior to:
  - a) Subordinated Notes; and
  - b) the Issuer's ordinary shares and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Resolution Notes, including any (other) obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital or Tier 2 Capital or which rank or are expressed to rank *pari passu* with Additional Tier 1 Capital or Tier 2 Capital; and
- iii. junior to the Senior Notes and unsubordinated obligations ranking *pari passu* to Senior Notes (and those obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank in priority of Senior Notes).

As a result, in the event:

- (i) of liquidation or bankruptcy of the Issuer; or
- (ii) that a competent court has declared that the Issuer is in a situation which requires emergency measures (*noodregeling*) in the interests of all creditors, as referred to in Part 3.5.5 of the Wft and for so long as such situation is in force (such situation being hereinafter referred to as a "**Moratorium**");

the claims of holders of Resolution Notes of each Series and the related Receipts and Coupons against the Issuer are subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms, subject to applicable law, to rank equally to or lower than the Resolution Notes), (b) the unsubordinated claims with respect to the repayment of borrowed money, (c) the claims under the Senior Notes (collectively "**Claims Senior to Resolution Notes Claims**").

By virtue of such subordination, payments to a Resolution Noteholder 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 or netting by a Resolution Noteholder shall be excluded until, all obligations of the Issuer resulting from Claims Senior to Resolution Notes Claims have been satisfied. In addition, provided it is a criterion for Resolution Notes to be eligible for purposes of the Issuer's MREL Requirement, no Resolution

Noteholder shall at any time be entitled to exercise any right of set-off or netting, or counterclaim against moneys owed by the Issuer in respect of the Resolution Notes held by such Noteholder.

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

The Subordinated Notes and the related Receipts and Coupons constitute unsecured and subordinated obligations of the Issuer and rank (i) *pari passu* without any preference among the Subordinated Notes themselves and the related Receipts and Coupons and with all other present and future unsecured and subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms or by mandatory and/or overriding provisions of law to rank either in priority or junior to the Subordinated Notes) and (ii) junior to those subordinated obligations expressed by their terms to rank in priority to the Subordinated Notes and those preferred by mandatory and/or overriding provisions of law.

As a result, in the event:

- (i) of the liquidation or bankruptcy of the Issuer; or
- (ii) that a competent court has declared that the Issuer is in a situation which requires emergency measures (*noodregeling*) in the interests of all creditors, as referred to in Part 3.5.5 of the Wft and for so long as such situation is in force (such situation being hereinafter referred to as a "**Moratorium**"),

the claims of the holders of Subordinated Notes of each Series and the related Receipts and Coupons (the "**Subordinated Noteholders**") against the Issuer are subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms, subject to applicable law, to rank equally to or lower than the Subordinated Notes), (b) the unsubordinated claims with respect to the repayment of borrowed money, (c) the claims under the Senior Notes and other unsubordinated claims and (d) the claims under the Resolution Notes and other subordinated claims expressed by their terms to rank in priority to the Subordinated Notes (collectively, the "**Senior Claims**").

By virtue of such subordination, payments to a Subordinated Noteholder 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 or netting by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from Senior Claims have been satisfied. In addition, provided it is a criterion for Subordinated Notes to qualify as Tier 2 Notes, no Subordinated Noteholder shall at any time be entitled to exercise any right of set-off or netting, or counterclaim against moneys owed by the Issuer in respect of the Subordinated Notes held by such Noteholder.

It is the Issuer's intention that the Subordinated Notes - if specified in the applicable Final Terms as "Subordinated Tier 2 Notes" – qualify and shall be treated as Tier 2 Notes for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

#### **5. 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 Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear, Clearstream, Luxembourg and, if applicable, Euroclear Nederland and at least 30 days' prior notice to the Noteholders in accordance with Condition 15, elect that, with effect from the



Redenomination Date specified in the notice, the Notes, the Receipts and the Coupons denominated in the Specified Currency (or Specified Currencies) (each the "**Old Currency**") shall be redenominated in any other currency (the "**New Currency**") being either euro, or, in the event of redenomination upon the occurrence of a Convertibility Event, any other currency, as the case may be.

The election will have effect as follows:

- (i) the Notes, the Receipts and the Coupons shall be deemed to be redenominated into the New Currency in the denomination of at least € 1, or its equivalent in any other currency, with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into the New Currency at the Established Rate provided that, if the Issuer determines, with the agreement of the Agent, that the then pertaining market practice in respect of the redenomination into the New Currency 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 (as defined below) 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 principal 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 or its equivalent in any other currency;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in denominations of € 100,000, or its equivalents in any other currency, and such other denominations (of at least € 100,000) as the Agent shall, in consultation with the Issuer, determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured 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**") to the Noteholders in accordance with Condition 15 that replacements of Old Currency 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 Currency 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, in consultation with the Issuer, may specify 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 the New Currency as though references in the Notes to the Specified Currency were to the New Currency. Payments will be made in the New Currency by credit or transfer to a New Currency account (or any other account to which the New Currency may be credited or transferred) specified by the payee or, at the option of the payee, by a New Currency cheque;

- (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 Calculation Amount, multiplying such sum by the applicable Fixed Day Count Fraction (as defined in Condition 6(a)), and rounding the resultant figure to the nearest sub-unit of the relevant New Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. The amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and
- (vii) if the Notes are Floating Rate Notes, the Issuer may adjust the reference rate of the Notes to any of LIBOR or EURIBOR and, if required, any or all Interest Payment Dates as it deems necessary in accordance with the then pertaining market practice taking into account the redenomination and in order to preserve the economic equivalent of the obligations of the Issuer in respect of interest under such Notes; and
- (viii) the applicable Final Terms will specify the exact date on which the redenomination will occur in case the Notes were issued in a currency other than euro and in a currency in which the TARGET2 System does not apply.

**(b) Definitions**

In these Conditions, the following expressions have the following meanings:

**"Convertibility Event"** means the determination by the national government of the country in the currency of which the Notes were issued, that such currency is substituted by another currency;

**"Established Rate"** means the rate for the conversion of the Old Currency into the New Currency as fixed by the relevant government of such Old Currency, but which in case the New Currency will be euro (including compliance with rules relating to roundings in accordance with applicable European Community regulations), shall be as established by the Council of the European Union pursuant to Article 140 of the Treaty;

**"euro"** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty and as defined in Article 2 of Council Regulation (EC) no. 974/98 of 3 May 1998 on the introduction of the euro, as amended from time to time;

**"Redenomination Date"** means (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) above and which in case of (i) the New Currency being euro, 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 and in case of (ii) the New Currency being a currency other than euro, shall be the date the relevant government of the New Currency accepts payment in the New Currency as legal tender; and

**"Treaty"** means the Treaty on the functioning of the European Union, as amended from time to time.

**6. Interest**

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

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest 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 specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date or the Maturity Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

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:

- (1) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (2) the Modified Following Business Day Convention, such Interest Payment Date (or other 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 (or other date) shall be brought forward to the immediately preceding Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (4) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

If "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If interest is required to be calculated for a period starting or ending other than on an Interest Payment Date (the "**Calculation Period**"), such interest shall be calculated by applying the fixed Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Fixed 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 multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

For the purposes of these Conditions, "**Fixed Day Count Fraction**" means:

- (i) If "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms, it means:
- (a) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (b) where the Calculation Period is longer than one Determination Period, the sum of:  
(A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the actual number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

**"Determination Period"** means the period from and including an Interest Payment Date in any year to, but excluding, the next Interest Payment Date; and

- (ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months) (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

**"sub-unit"** means, 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.

Calculation of interest amount: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

**"Calculation Amount"** is specified in the Final Terms.

**(b) Interest on Floating Rate Notes**

- (i) Interest Payment Dates  
Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:
- (A) the Specified Interest Payment Date(s) in each year; or

- (B) if no express 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 "**Unadjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

If "**Adjusted**" is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

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 is specified:

- (1) in any case where Specified Periods are specified in accordance with Condition 6(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
- (2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date (or other 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 (or other date) shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (5) No Adjustment, such Interest Payment Date (or other date) shall not be adjusted in accordance with any Business Day Convention.

(ii) Rate of Interest

The rate of interest ("**Rate of Interest**") payable from time to time in respect of the Floating Rate

Notes will be determined in the manner 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 specified in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (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 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (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 (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (a), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions, (ii) the definition of "**Banking Day**" in the ISDA Definitions shall be amended to insert after the words 'are open for' in the second line before the word 'general' and (iii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

When this sub-paragraph (a) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 6(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (a).

(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 or, if the relevant Screen Rate is EURIBOR, to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rates which appears or appear, as the case may be, on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, plus or minus (as specified 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 in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such 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. The following summarizes the most relevant provisions of the Agency Agreement with regard to this matter. In such an event the Agent shall request the principal London office of each of the Reference Banks (as defined below) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the relevant Interest Determination Date. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

The expression "**Reference Banks**" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (2) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(iii) Minimum 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 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.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes in respect of each Calculation Amount for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Floating 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 multiplying such rounded up figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

**"Floating Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if **"Actual/Actual (ISDA)"** 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 (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if **"Actual/360"** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) 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 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 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;

- (v) 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;

- (vi) 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, in which case D<sub>2</sub> will be 30.

- (v) Notification of Rate of Interest and Interest Amounts

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 are for the time being listed and notice thereof to be published in

accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice 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 relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15. If the Calculation Amount is less than the minimum Specified Denomination the Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a 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 Condition 6(b) by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, 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, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) **Interest on Dual Currency Notes**

In the case of Dual Currency Notes, payments by the Issuer of interest and/or principal (as specified in the applicable Final Terms) will be made in another currency or currencies than the Specified Currency. Such currency or currencies and the exchange rate ("**Rate of Exchange**") used to calculate payments of interest or principal will be specified in the applicable Final Terms.

(d) **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 15 or individually.

(e) **Change of Interest Basis Option**

If "Change of Interest Basis Option" is specified in the applicable Final Terms, after having given notice to the stock exchange where the Notes are listed, the Issuer will have to give:

- (1) notice to the Noteholders in accordance with Condition 15, not less than the number of Business Days equal to the Interest Basis Option Period prior to the date on which the Change of Interest Basis Option shall be effective; and

- (2) notice to the Agent, not less than the number of Business Days equal to the Interest Basis Option Period prior to the date on which the Change of Interest Basis Option shall be effective, (both of which notices shall be irrevocable) exercise the Change of Interest Basis Option upon which exercise the Interest Basis of the Notes changes from the Initial Interest Basis (which shall cease to apply) to the Subsequent Interest Basis (which shall commence to apply), effective as of the Change of Interest Basis Option Date immediately following the date on which the notice referred to above is given.

## **7. Payments**

### **(a) Method of Payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, in the case of Australian dollars, shall be Sydney, in the case of New Zealand dollars, shall be Wellington, in the case of Hong Kong dollars, shall be Hong Kong and in the case of Japanese yen, shall be Tokyo); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be 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 9.

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

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 surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States but for certain limited circumstances described below.

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 of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender 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, unmatured 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 and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured 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 unmatured Coupon (or, in the case of payment not being made in

full, the same proportion of the amount of such missing unmatured 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 10) 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 unmatured Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note, Dual Currency Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Receipts, 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. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. 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 Interest Payment 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 to or to the order of any Paying Agent. On each occasion on which a payment of principal or interest is made in respect of a Classic Global Note, the payment is noted in a schedule thereto and in respect of a New Global Note the payment is entered pro rata in the record of Euroclear and Clearstream, Luxembourg.

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 or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg 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 (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)) 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**

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. For these purposes "**Payment Day**" means any day which is:

- (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 any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency (as specified in the applicable Final Terms) other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and any Additional Financial Centre which, if the Specified Currency is (a) Australian dollars, shall be Sydney, (b) New Zealand dollars, shall be Wellington, (c) Hong Kong dollars, shall be Hong Kong and (d) Japanese yen, shall be Tokyo or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is operating.

**(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 9;
- (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; and
- (vii) any premium and any other amounts 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 Condition 9.

**8. Redemption and Purchase**

(a) *At Maturity*

Unless previously redeemed, written down, converted or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date or by instalments in the Instalment Amount(s) and on the Instalment Date(s) specified in the applicable Final Terms (in the case of a Note redeemable in instalments, an "**Instalment Note**").

(b) *Redemption for Tax Reasons*

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' irrevocable notice to the Noteholders in accordance with Condition 15 if, 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 9 or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable 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.

With respect to Subordinated Notes which qualify as Tier 2 Notes, the Issuer must (i) obtain the prior (written) permission of the Competent Authority provided that, at the relevant time, such permission is required to be given pursuant to Article 77 CRD IV Regulation and (ii) have demonstrated to the satisfaction of the Competent Authority that it meets the conditions in Article 78 CRD IV Regulation, which may include the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer. The Competent Authority may only permit the Issuer to redeem the Subordinated Notes at any time within five years after the Issue Date if, without prejudice to this Condition 8(b), there is a change in the applicable tax treatment of the Subordinated Notes which the Issuer demonstrates to the satisfaction of the Competent Authority is material and was not reasonably foreseeable at the time of their issuance.

With respect to Resolution Notes, the Issuer must at the relevant time obtain the permission of the Competent Authority prior to a redemption referred to in this paragraph, provided that at the relevant time such prior (written) permission is a criterion for the Resolution Notes to qualify as being eligible for purposes of the Issuer's MREL Requirement.

(c) *Redemption for Illegality Reasons*

The Notes (other than Subordinated Notes which qualify as Tier 2 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' irrevocable notice to the Noteholders in accordance with Condition 15 if it becomes or will within 21 days become unlawful for the Issuer to have Notes outstanding or make payments on the Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any change in the application of official interpretation of such laws or regulations or in the position of any regulator, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

Notes redeemed pursuant to Condition 8(b) and this Condition 8(c) will be redeemed at their Early Redemption Amount referred to in paragraph (g) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

With respect to Resolution Notes, the Issuer must at the relevant time obtain the permission of the Competent Authority prior to a redemption referred to in this paragraph, provided that at the relevant time such prior (written) permission is a criterion for the Resolution Notes to qualify as being eligible for purposes of the Issuer's MREL Requirement.

(d) *Redemption at the Option of the Issuer*

If the Issuer is specified in the applicable Final Terms as having an option to redeem, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15; 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), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Additionally, if the Subordinated Notes qualify as Tier 2 Notes, the Issuer must (i) obtain prior (written) permission of the Competent Authority provided that at the relevant time such permission is required to be given pursuant to Article 77 CRD IV Regulation and (ii) have demonstrated to the satisfaction of the Competent Authority that it meets the conditions in Article 78 CRD IV Regulation, which may include the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer.

With respect to Resolution Notes, the Issuer must at the relevant time obtain the permission of the Competent Authority prior to a redemption referred to in this paragraph, provided that at the relevant time such prior (written) permission is a criterion for the Resolution Notes to qualify as being eligible for purposes of the Issuer's MREL Requirement.

Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or the Maximum Redemption Amount, both as specified 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 (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor of a reduction in principal amount at their discretion) and/or Euroclear Nederland, in the case of Redeemed Notes represented by a global Note, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called 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 15 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 (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

(e) *Redemption of Subordinated Notes and Senior Notes at the Option of the Noteholders*

If the Subordinated Noteholders (other than holders of Tier 2 Notes) and the Senior Noteholders are specified in the applicable Final Terms as having an option to redeem, upon the holder of any Subordinated Note (not being a Tier 2 Note) or Senior Note, respectively, giving to the Issuer in accordance with Condition 15 not less than 15 nor more than 30 days' irrevocable notice or such other period of notice as is specified in the applicable Final Terms, 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 Subordinated Note or Senior Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Subordinated Note or Senior Note is in definitive form, to exercise the right to require redemption of this Subordinated Note or Senior Note its holder must deliver such Subordinated Note or Senior Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly signed and completed 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 by cheque, an address) to which payment is to be made under this Condition.

(f) *Redemption, substitution and variation for regulatory purposes of Resolution Notes and Subordinated Notes*

*Resolution Notes*

If "Regulatory Call" is specified in the applicable Final Terms, the Issuer may upon the occurrence of an MREL Event (as defined below) redeem the Resolution Notes, in whole but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the holder of Resolution Notes, or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15. The Issuer will redeem the Resolution Notes in accordance with the Terms and Conditions at the Optional Redemption Amount specified in the applicable Final Terms together with accrued interest (if any) to but excluding the date of redemption.

If "Variation or Substitution" is specified in the applicable Final Terms, the Issuer may upon the occurrence of an MREL Event and/or (if ALAC Event is specified in the applicable Final Terms as being applicable) an ALAC Event and/or an Alignment Event (each as defined in Condition 8(f) of the Terms and Conditions of the Notes), at its option and at any time substitute the Resolution Notes, in whole but not in part, or vary the terms of all (but not some only) of the Resolution Notes, without any requirement for the consent or approval of the holders of Resolution Notes in such a way that they are eligible for the purposes of the MREL Requirement and/or (if ALAC Event is specified in the applicable Final Terms as being applicable) the ALAC of the Issuer and/or are subject to the Senior Non-Preferred Legislation (each as defined in Condition 8(f) of the Terms and Conditions of the Notes) on giving not less than 30 nor more than 60 days' irrevocable notice to the holders of Resolution Notes, or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15. Such variation or substitution shall not result in terms that are materially less favourable to the interests of holders of Resolution Notes. Following such



variation or substitution, the resulting securities shall (1) have a ranking at least equal to that of the Resolution Notes, (2) have at least the same interest rate and the same interest payment dates as those from time to time applying to the Resolution Notes, (3) have the same maturity date and redemption rights as the Resolution Notes, (4) preserve any existing rights under the Resolution Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of variation or substitution, (5) have assigned (or maintain) the same credit ratings as were assigned to the Resolution Notes immediately prior to such variation or substitution and (6) be listed on a recognized stock exchange if the Resolution Notes were listed immediately prior to such variation or substitution.

The Issuer must obtain the permission of the Competent Authority prior to effectuating a "Regulatory Call" and/or "Variation or Substitution" as described in the previous paragraphs, provided that at the relevant time such prior (written) permission is a criterion for the Resolution Notes to qualify as being eligible for purposes of the Issuer's MREL Requirement.

#### *Subordinated Notes*

If "Regulatory Call" is specified in the applicable Final Terms, the Issuer may upon the occurrence of a Capital Event (as defined below) redeem the Subordinated Notes, in whole but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Subordinated Noteholders, or such other period of notice as is specified in the applicable Final Terms, in accordance with Condition 15. Additionally, redemption of the Subordinated Notes is subject to (i) the prior (written) permission of the Competent Authority provided that at the relevant time such permission is required to be given pursuant to Article 77 CRD IV Regulation and (ii) the Issuer demonstrating to the satisfaction of the Competent Authority that it meets the conditions in Article 78 CRD IV Regulation, which may include requiring the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer. The Issuer will redeem the Subordinated Notes in accordance with the Terms and Conditions at the Optional Redemption Amount specified in the applicable Final Terms together with accrued interest (if any) to but excluding the date of redemption.

If "Variation or Substitution" is specified in the applicable Final Terms and if a Capital Event and/or a CRD IV Capital Event and/or (if ALAC Event is specified in the applicable Final Terms as being applicable) an ALAC Event (each as defined in Condition 8(f) of the Terms and Conditions of the Notes) has occurred and is continuing, then the Issuer may, subject to the prior (written) permission of the Competent Authority provided that at the relevant time such permission is required to be given (but without any requirement for the permission of the Subordinated Noteholders) and on giving not less than 30 nor more than 60 days' irrevocable notice in accordance with Condition 15 to the Subordinated Noteholders, either substitute all, but not some only, of the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and/or (if ALAC Event is specified in the applicable Final Terms as being applicable) are eligible under the ALAC (as defined below) of the Issuer. Upon the expiry of the notice referred to above, the Issuer shall either vary the terms of, or substitute, the Subordinated Notes in accordance with this Condition 8(f), as the case may be, provided that such substitution or variation shall not result in terms that are materially less favourable to the Subordinated Noteholders. For the avoidance of doubt, the Competent Authority has discretion as to whether or not it will permit any such variation or substitution of the Subordinated Notes.

Following such variation or substitution, the resulting securities shall (1) have a ranking at least equal to that of the Subordinated Notes, (2) have at least the same interest rate and the same interest payment

dates as those from time to time applying to the Subordinated Notes, (3) have the same maturity date and redemption rights as the Subordinated Notes, (4) preserve any existing rights under the Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of variation or substitution, (5) have assigned (or maintain) the same credit ratings as were assigned to the Subordinated Notes immediately prior to such variation or substitution and (6) be listed on a recognised stock exchange if the Subordinated Notes were listed immediately prior to such variation or substitution.

**"ALAC Event"** means, at any time, a change in, clarification to or amendment of any relevant methodology of S&P (or in the interpretation of such methodology) which impacts the eligibility of a Subordinated Note and/or a Resolution Note under the ALAC in such a way that the Subordinated Note and/or the Resolution Note is not, or to a lesser extent, eligible to count towards the ALAC of the Issuer.

An **"Alignment Event"** means, in respect of the Resolution Notes, the entry into force of Senior Non-Preferred Legislation, as a result of which the Issuer would be able to issue a security (including, but not limited to, a debt instrument within the meaning of the BRRD) that would (i) by law rank junior to ordinary unsecured claims vis-à-vis the Issuer and (ii) be eligible to count towards the Issuer's MREL Requirement, whether or not it contains one or more conditions that are, in the reasonable opinion of the Issuer, different in any material respect from those in the Conditions.

A **"Capital Event"** shall occur if there is a change in the regulatory classification of a Subordinated Note that has resulted or would be likely to result in the Subordinated Note being excluded, in whole but not in part, from the Tier 2 Capital of the Issuer or reclassified as a lower quality form of own funds of the Issuer, which change in regulatory classification (or reclassification) (i) becomes effective on or after the Issue Date and, if redeemed within five years after the Issue Date, (ii) is considered by the Competent Authority to be sufficiently certain and (iii) was not reasonably foreseeable at the time of their issuance as demonstrated by the Issuer to the satisfaction of the Competent Authority as required by Article 78(4) CRD IV Regulation.

An **"MREL Event"** shall occur if there is a change in the regulatory classification of a Resolution Note that has in whole (or, only for the purposes of a "Variation or Substitution" specified in the applicable Final Terms, in part) resulted or would be likely to result in the Resolution Note being excluded from eligibility for the purposes of the MREL Requirement (if applicable) of the Issuer, provided that a MREL Event shall not occur where a Resolution Note is excluded on the basis that the remaining maturity of such Resolution Note is less than any period prescribed by any applicable eligibility criteria under the MREL Requirement.

**"CRD IV Capital Event"** is deemed to have occurred if the whole of the outstanding nominal amount of the Subordinated Note can no longer be included in full in the Tier 2 Capital of the Issuer by reason of their non-compliance with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

**"CRD IV"** means together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Requirements Regulations.

**"CRD IV Directive"** means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended from time to time).

"**CRD IV Regulation**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended from time to time).

"**Future Capital Requirements Regulations**" means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards or implementing technical standards) adopted by the EC, national laws and regulations, and regulations and guidelines issued by ECB, DNB, EBA or other competent authority, which are applicable to the Issuer (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

"**Senior Non-Preferred Legislation**" means any law or regulation in the Netherlands (including, but not limited to, any legislation implementing in the Netherlands the upcoming directive of the European Parliament and of the Council on amending Directive 2014/59/EU of the European Parliament and of the Council as regards the ranking of unsecured debt instruments in insolvency hierarchy), as amended from time to time, that provides that in the event of insolvency proceedings in respect of a regulated institution, such as the Issuer, the ordinary unsecured claims vis-à-vis that institution shall by law have a higher priority ranking than that of other ordinary unsecured claims resulting from debt instruments issued by that institution and which debt instruments meet the conditions (if any) prescribed therein.

(g) *Early Redemption Amounts*

For the purpose of paragraph (b) or (c) above and Condition 11, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes 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) 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 the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount;
- (iii) in the case of Zero Coupon Notes, 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 Notes become due and repayable and the denominator of which is 360.

(h) *Instalments*

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

(i) *Purchases*

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. The purchase by the Issuer or any of its subsidiaries of Subordinated Notes qualifying as Tier 2 Notes shall be subject to the prior (written) permission of the Competent Authority, provided that at the relevant time such permission is required to be given pursuant to Article 77 CRD IV Regulation, and may not take place within five years after the Issue Date unless permitted under applicable laws and regulations (including CRD IV as then in effect). As a result of the direct or indirect purchase or other form of funding by the Issuer, its subsidiaries or any other undertaking in which the Issuer has participation in the form of ownership (direct or by way of control) of 20% or more of the voting rights or capital of that undertaking, of Tier 2 Notes, these Subordinated Notes may no longer qualify as Tier 2 Notes. The direct or indirect purchase or other form of funding by the Issuer, its subsidiaries or any other undertaking in which the Issuer has participation in the form of ownership (direct or by way of control) of 20% or more of the voting rights or capital of that undertaking by any entity belonging to the same group as the Issuer of any Resolution Notes shall be prohibited, provided that such prohibition is a criterion for the Resolution Notes to qualify as being eligible for purposes of the Issuer's MREL Requirement.

(j) *Cancellation*

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

(k) *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), (d) or (e) above or upon its becoming due and repayable as provided in Condition 11 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 repayable 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 15.

(l) ***Statutory Loss Absorption of Notes***

Notes may become subject to the determination by the Resolution Authority or the Issuer (following instructions from the Resolution Authority) that all or part of the nominal amount of the Notes, including accrued but unpaid interest in respect thereof, must be written down permanently (in whole or in part) or

converted (in whole or in part) into shares or other instruments of ownership or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework ("**Statutory Loss Absorption**"), provided that all other debt instruments and other obligations of the Issuer which are expressed to rank or which rank junior to the specific type of Note in the case of bankruptcy or liquidation of the Issuer have already fully absorbed losses of the Issuer to the extent determined or required by the Resolution Authority before any write-down or conversion of such Notes pursuant to the application of this provision.

Upon any such determination (i) the relevant proportion of the outstanding nominal amount of the Notes subject to Statutory Loss Absorption shall be written down or converted into Common Equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by the Applicable Resolution Framework, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) Noteholders will have no further claims in respect of the amount so written down or the amount subject to conversion or otherwise as a result of such Statutory Loss Absorption, including with respect to any accrued but unpaid interest on such written down or converted amounts.

Upon any write down or conversion of a proportion of the outstanding nominal amount of the Notes, any reference in these Conditions to principal, nominal amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount of the Notes shall be deemed to be to the amount resulting after such write down or conversion.

In addition, subject to the determination by the Resolution Authority and without the consent of the Noteholders, the Notes may be subject to other resolution measures as envisaged under the Applicable Resolution Framework, such as replacement or substitution of the Issuer, transfer of the Notes, expropriation of Noteholders, modification of the terms of the Notes and/or suspension or termination of the listings of the Notes. Such determination, the implementation thereof and the rights of Noteholders shall be as prescribed by the Applicable Resolution Framework, which may include the concept that, upon such determination, no Noteholder shall be entitled to claim any indemnification or payment in respect of any tax or other consequences arising from any such event and that any such event shall not constitute an Event of Default.

Upon any write down or conversion of a proportion of the outstanding nominal amount of the Notes or as soon as the Issuer becomes aware that this may or will occur the Issuer shall promptly give notice to the Noteholders in accordance with Condition 15. Such notice will include details of the relevant (foreseen) write-down or conversion. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such Statutory Loss Absorption or give Noteholders any rights as a result of such failure.

In these Conditions:

**"Applicable Resolution Framework"** means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, or any other resolution or recovery rules which may from time to time be applicable to the Issuer, including Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single

Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 and the Dutch Intervention Act.

## **9. 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 and, in respect of Tier 2 Notes (and if at the relevant time the applicability of an obligation to pay additional amounts in respect of amount of principal would render the Resolution Notes ineligible for purposes of the Issuer's MREL Requirement, in respect of Resolution Notes), at the initiative of the relevant authority of the Netherlands having power to tax. 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 amounts of interest and principal in respect of payment of any amount of principal) 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 presented for payment:

- (i) in the case of Tier 2 Notes (and if at the relevant time the applicability of an obligation to pay additional amounts in respect of amount of principal would render the Resolution Notes ineligible for purposes of the Issuer's MREL Requirement, for Resolution Notes), in respect of payment of any amount of principal; or
- (ii) 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
- (iii) 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 non-residence or other similar claim for exemption to the relevant tax authority; or
- (iv) 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.

For the avoidance of doubt, no additional amounts will be paid by the Issuer, any Paying Agent or any other person on account of any deduction or withholding from a payment on, or in respect of, the Notes, Receipts or Coupons where such deduction or withholding is required pursuant to an agreement described

in Section 1471(b) of the Revenue Code or otherwise imposed pursuant to sections 1471 through 1474 of the Revenue Code, any regulations thereunder, any official interpretations thereof, any intergovernmental agreement with respect thereto or any law implementing, or relating to, an intergovernmental agreement ("**FATCA**").

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 15.

#### **10. Prescription**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of five years after the Relevant Date (as defined in Condition 9) therefore.

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 7(b) or any Talon which would be void pursuant to Condition 7(b).

#### **11. Events of Default**

If (in the case of an issue of Senior Notes) any one or more of the following events or (in the case of an issue of Resolution Notes or Subordinated Notes) either or both of the events specified in (iii) and (iv) (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 is declared bankrupt or a declaration in respect of the Issuer under Article 3:163(1)(b) of the Wft is made by a competent court; or
- (iv) 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 or this involves a solvent liquidation,

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 the Early Redemption Amount (as described in Condition 8(g)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, provided that (i) repayment of Subordinated Notes that qualify as Tier 2 Notes under this Condition will only be effected after the Issuer has obtained the prior (written) permission of the Competent Authority provided that at the relevant time such permission is required and (ii) repayment of Resolution Notes will only be effected after the Issuer has obtained the prior (written) permission of the Competent Authority provided that such permission is a criterion for the Resolution Notes to qualify as being eligible for purposes of the Issuer's MREL Requirement.

The application of Statutory Loss Absorption as set out in Condition 8 in respect of the Notes does not constitute an Event of Default.

#### **12. 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.

#### **13. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

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;
- (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; and
- (iv) there will at all times be a Paying Agent with a specified office situated outside the Netherlands.

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 7(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 15.

#### **14. Exchange of Talons**

On and after the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period, as appropriate, 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 10. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date or the Specified Interest Payment Date or for the Specified Period (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.



## **15. Notices**

All notices regarding the Notes shall be published (i) if and for so long as the Notes are listed on Euronext in Amsterdam in at least one daily newspaper of wide circulation in the Netherlands, and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). It is expected that such publication in a daily newspaper will be made in *Het Financieele Dagblad*. 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 or on the date of publication on the website of the Luxembourg Stock Exchange.

Until such time as any definitive Notes are issued, there may (provided that, in the case of any publication required by a 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 with a depository or a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Where the identity of all the Noteholders 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, except that, so long as the Notes are listed on Euronext in Amsterdam and the rules of such stock exchange so require, such notices will also be published in a daily newspaper of general circulation in the Netherlands.

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 and/or Clearstream, Luxembourg and/or any other relevant clearing system as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as the case may be, may approve for this purpose.

## **16. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders 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 meetings may be convened by the Issuer or Noteholders holding not less than 5% in a nominal amount of the 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% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the Rate of Interest payable in respect of the Notes or

altering the currency of payments on the 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 the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

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 error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (iii) in accordance with Condition 8(f), substitution of the Subordinated Notes or variation of the terms of the Subordinated Notes in order to ensure that such substituted or varied Subordinated Notes continue to qualify as Tier 2 Notes under CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

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 15 as soon as practicable thereafter.

Any amendment to Condition 8(l) or which impacts upon the eligibility of the Notes for eligibility as Tier 2 Notes is subject to the prior (written) permission of the Competent Authority (provided that, at the relevant time, such permission is required to be given).

#### **17. 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.

#### **18. Substitution of the Issuer**

- (a) The Issuer may, without any further consent of the Noteholders or Couponholders being required, when no payment of principal or interest on any of the Notes is in default and after (written) permission of the Competent Authority, in case of Subordinated Notes that qualify as Tier 2 Notes (provided that, at the relevant time, such permission is required to be given), 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 related 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

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 related Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Notes and the relevant Receipts and Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Noteholder and each holder of the related Receipts and Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 9) payable in respect of the Notes and the related Receipts and Coupons;

- (ii) 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 9 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 hold harmless each Noteholder and Couponholder against all liabilities, costs, charges and expenses, 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 or Couponholder by any political sub-division or taxing authority of any country in which such Noteholder 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);
- (iii) 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 all valid and binding in accordance with their respective terms and enforceable by each Noteholder;
- (iv) each stock exchange which has Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Notes would continue to be listed on such stock exchange;
- (v) 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 lawyers in the jurisdiction in which the Substituted Debtor is situated to the effect that the Documents and the Substituted Debtor's obligations under the Notes, Receipts and Coupons will constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent;
- (vi) 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 to the effect that the Documents (including the Guarantee) will constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent; and

- (vii) 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 to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders 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 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 or Couponholder, except as provided in Condition 18(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Notes and the related 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 to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 4 of the Terms and Conditions.
- (d) With respect to Subordinated Notes that qualify as Tier 2 Notes, the Issuer shall be entitled, after (written) permission of the Competent Authority (provided that, at the relevant time, such permission is required to be given) by notice to the Noteholders given in accordance with Condition 15, 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 all and any 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, the Substituted Debtor shall be deemed to be named in the Notes and the related Receipts and Coupons as the principal debtor in place of the Issuer and the Notes and the related 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 the related Receipts and Coupons save that any claims under the Notes and the related Receipts and Coupons prior to release shall inure for the benefit of Noteholders and Couponholders.
- (f) The Documents shall be deposited with and held by the Agent for so long as any Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder or Couponholder in relation to the Notes or the related 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 and Couponholder to the production of the Documents for the enforcement of any of the Notes or the related 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 15.

**19. Governing Law and Submission to Jurisdiction**

- (a) The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, Dutch law, including the choice of court agreement set out below in Condition 19(b).
- (b) 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 in its 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.

## PART 2: FORM OF FINAL TERMS

Copies of the Final Terms will be provided by the Issuer upon request. [In addition, in case of Notes listed on Euronext in Amsterdam, the Final Terms will be displayed on the website of Euronext Amsterdam (<https://www.euronext.com/>) and in case of Notes listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu))].

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

### Final Terms

De Volksbank N.V.  
(*incorporated under Dutch law and having its corporate seat in Utrecht*)

Issue of [up to] [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "**Notes**") issued under the Debt Issuance Programme of de Volksbank

dated [•]

This document constitutes the Final Terms of the issue of Notes under the Debt Issuance Programme (the "**Programme**") of de Volksbank N.V. (the "**Issuer**"), described herein for the purposes of Article 5.4 of Directive 2003/71/EC, the "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State. It must be read in conjunction with the base prospectus pertaining to the Programme, dated 19 October 2017 (the "**Prospectus**") and any amendments or supplements thereto, which together constitute a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus and any amendments or supplements thereto. The Prospectus (and any amendments thereto) is available for viewing at [www.volksbank.nl](http://www.volksbank.nl) as well as at the office of the Issuer at Croeselaan 1, 3521 BJ, Utrecht, the Netherlands, where copies may also be obtained (free of charge). Any supplements to the Prospectus will in any case be available at this office and copies thereof may be obtained (free of charge) there and on the Issuer's website at [www.volksbank.nl](http://www.volksbank.nl). Any information contained in or accessible through any website, including [www.volksbank.nl](http://www.volksbank.nl), does not form a part of the Prospectus, unless specifically stated in the Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in the Prospectus that all or any portion of such information is incorporated by reference in the Prospectus.

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Prospectus Directive). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>7</sup>

<sup>7</sup> Include this legend unless the Final Terms for an offer of Notes to be concluded on or after 1 January 2018 specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable".

*[The following language applies if the first Tranche of the Series of Notes is issued under the current base prospectus]*

[These Final Terms are to be read in conjunction with the Terms and Conditions of the Notes (the "**Terms and Conditions**") set forth in Chapter 2, Part 1 of the Prospectus. The Terms and Conditions as completed by these Final Terms constitute the conditions (the "**Conditions**") of the Notes. Capitalised terms not defined herein will have the same meaning as in the Terms and Conditions. All references to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions set forth in Chapter 2, Part 1 of the Prospectus.]

*[The following alternative language applies if the first Series or Tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

[Terms used herein shall be deemed to be defined as such, to the extent they apply to the Senior Notes, in the terms and conditions as referred to on pages 91 up to and including 128 of the base prospectus of the Issuer relating to the Programme, dated 19 October 2016 (the "**2016 Terms and Conditions**") which has been incorporated by reference in, and forms part of the Prospectus dated 19 October 2017[, as supplemented by the supplement to the Prospectus dated [*insert date*]] (the "**Prospectus**"). These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus, save in respect of the 2016 Terms and Conditions incorporated by reference therein which are attached hereto. Together, the Prospectus and these Final Terms constitute a base prospectus for the purposes of the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State (the "**Prospectus Directive**"). 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 Prospectus.]

*[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.]*

*[When completing any final terms, consideration should be given as to whether such terms constitute 'significant new factors' and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a period of two Business Days.]*

*[Consider whether a drawdown prospectus is necessary in order to issue fungible Notes where the first tranche was issued pursuant to a previous information memorandum/base prospectus. This could arise in circumstances where, for example, the Final Terms for the original tranche included information which is no longer permitted to be included in final terms under the Prospectus Directive or pursuant to guidance issued by ESMA]*

- |     |  |  |
|-----|--|--|
| (1) | Issuer:  | de Volksbank 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>  |
|     | (iii) Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [ <i>insert earlier Tranches</i> ] on [[ <i>insert date</i> ]/the |

Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about *[insert date]*].]

- (3) Specified Currency or Currencies: [ ]
- (4) Aggregate Nominal Amount [ ]
- (i) Series : [Up to]
- (ii) Tranche: [Up to]
- (5) Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
- (6) (i) Specified Denominations: [ ]
- (Notes may not be issued in denominations less than €100,000 or the equivalent thereof in any other currency).*
- (Note – Please use the following sample wording: '€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].')*
- (ii) Calculation Amount [ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
- (7) (i) Issue Date: [ ]
- (ii) Interest Commencement Date (if different from the Issue Date): [Specify/Issue Date/ Not applicable]
- (8) Maturity Date: [Fixed rate – *specify date*/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
- (9) Interest Basis: [[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
 [Dual Currency Interest]  
 [Zero Coupon]  
 [Non interest bearing]  
 (further particulars specified below)



- (10) Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.]  
[Dual Currency Redemption]  
[Instalment]
- (11) Change of Interest Basis Option: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Interest Basis Option Period: [ ] Business Days
- (ii) Change of Interest Basis Option Period Date: [ ]/Each Interest Payment Date]
- (iii) Initial Interest Basis: [[ ] per cent. Fixed Rate]  
[Floating Rate][LIBOR/EURIBOR] +/- [ ] per cent.  
[Zero Coupon]  
[Non interest bearing]
- (iv) Subsequent Interest Basis: [[ ] per cent. Fixed Rate]  
[Floating Rate][LIBOR/EURIBOR] +/- [ ] per cent.  
[Zero Coupon]  
[Non interest bearing]
- (12) Put/Call Options: [Investor Put – *only for Senior Notes and Subordinated Notes not being Tier 2 Notes*]  
[Issuer Call]  
[Regulatory Call (*only if Condition 8(f) applies*)]  
[Not Applicable]  
[(further particulars specified below)]
- (13) Status of the Notes: [Senior/Resolution/Subordinated [Tier 2] Notes]
- (14) Method of distribution: [Syndicated/Non-syndicated/Not applicable]
- (i) If syndicated, names and addresses of Dealers: [*insert names and addresses*/Not applicable]
- (ii) If non-syndicated, name and address of relevant Dealer: [*insert names and addresses*/Not applicable]

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

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

(i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]

[From (and including) [ ] up to (but excluding) [ ]] [[ ] per cent. per annum] [the aggregate of [spread of issuance of [ ] ] per cent. and the Mid Swap Rate [per annum] [determined by the Agent]] [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear on each Interest Payment Date [from (and including) [ ] up to (but excluding) [ ].]

["Mid Swap Rate" means the annual mid swap rate for [Euro] [US dollar] swap transactions with a maturity of [ ] years, expressed as a percentage, displayed on Reuters screen page [ ] (or such other page as may replace that page on Reuters, or such other service as may be designated by the [Manager(s)/Dealer(s)] in consultation with the Issuer) at [ ] [a.m./p.m.] ([ ] time) on the [second] Business Day prior to [ ].]

(ii) Interest Payment Date(s): [ ] in each year

*(NB: This will need to be amended in the case of long or short coupons)*

(iii) Interest Period [ ]

(iv) Fixed Coupon Amount(s): [ ] per Calculation Amount

(v) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] / [Not Applicable]

(vi) Business Day Convention

- Business Day Convention [Following Business Day Convention/Modified Following Business Day Convention/No adjustment/Preceding Business Day Convention]

- Adjustment or [Adjusted] or [Unadjusted]  
Unadjustment for Interest  
Period

- Additional Business [ ]/Not Applicable  
Centre(s)

(vii) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA)]

(viii) Interest Determination Date(s): [[ ] in each year/Not Applicable]

*(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 where Day Count Fraction is Actual/Actual (ICMA)

- (16) Floating Rate Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s): [ ] [only applicable if no Specified Interest Payment Dates are set out]
- (ii) Specified Interest Payment Dates: [ ]
- (iii) Business Day Convention:  
- Business Day Convention [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ No adjustment/ Preceding Business Day Convention]  
- Adjustment or Unadjustment for Interest Period [Adjusted] or [Unadjusted]
- (iv) Additional Business Centre(s): [ ]/[Not Applicable]
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rate of Interest and interest Amount (if not the Agent): [ ]
- (vii) Screen Rate Determination: [Applicable/Not Applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph)  
- Reference Rate: [LIBOR/EURIBOR]  
- Interest Determination Date(s): [ ] (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 TARGET2 System is operating prior to the start of each Interest Period if EURIBOR, euro LIBOR or any other inter-bank offered rate prevailing in a country in which the TARGET2 System does not apply)

- Relevant Screen Page: [ ]

(subject to the fall-back provisions set out in Condition 6(b))

(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate)

- Relevant Time: [ ] (For example, 11.00 a.m. London time/Brussels time)

(viii) ISDA Determination: [Applicable/Not Applicable]

- Floating Rate Option: [ ]

- Designated Maturity: [ ]

- Reset Date: [ ]

(ix) Margin(s): [+/-] [ ] per cent. per annum

(x) Minimum Rate of Interest: [ ] per cent. per annum

(xi) Maximum Rate of Interest: [ ] per cent. per annum

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

(17) Zero Coupon Note Provisions [Applicable/Not Applicable]

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

(i) Accrual Yield: [ ] per cent. per annum

(ii) Reference Price: [ ]

(18) Dual Currency Note Provisions [Applicable/Not Applicable]

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

(i) Rate of Exchange [Give details]

(ii) Name and address of [ ] Calculation Agent, if any, responsible for calculating the principal and/or interest payable:

(iii) Person at whose option [ ] Specified Currency(ies) is/are payable:

#### PROVISIONS RELATING TO REDEMPTION

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

(i) Optional Redemption [ ] Date(s):

(ii) Optional Redemption [ ] per Calculation Amount Amount(s)

(iii) If redeemable in part:

(a) Minimum Redemption [ ] per Calculation Amount Amount:

(b) Maximum Redemption [ ] per Calculation Amount Amount:

(iv) Notice period (if other than [ ] days *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*):

(20) Investor Put: [Applicable/Not Applicable] *(only for Senior Notes or Subordinated Notes not being Tier 2 Notes)*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption [ ] Date(s):

(ii) Optional Redemption [ ] per Calculation Amount Amount(s):

(iii) Notice period (if other than [ ] days *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of*

*information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

- (21) Regulatory Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Amount(s): [ ] per Calculation Amount
- (ii) Notice Period (if other than as set out in the Conditions): [ ] days (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
- (22) Final Redemption Amount [[ ] per Calculation Amount]
- (23) Early Redemption Amount(s) [ ] per Calculation Amount payable on redemption for taxation reasons, redemption for illegality reasons or on event of default and/or the method of calculating the same (if required):
- (24) Variation or Substitution: [Applicable/Not Applicable]  
*(If not applicable, delete the sub-paragraph of this paragraph)*
- (i) [ALAC Event:] [Applicable/Not Applicable]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- (25) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon the occurrence of an Exchange Event [and in case of a Temporary Global Note deposited with Euroclear Nederland only in the limited circumstances, as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) (as amended from time to time)]]
- [Temporary Global Note exchangeable for a Permanent Global Note which is not exchangeable for Definitive Notes upon the occurrence of an Exchange Event.]\*

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]\*\*

[Permanent Global Note exchangeable for Definitive Notes only upon the occurrence of an Exchange Event [and in case of a Permanent Global Note deposited with Euroclear Nederland only in the limited circumstances, as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) (as amended from time to time)]]

[Permanent Global Note not exchangeable for Definitive Notes]\*\*\*

- (26) New Global Note form: [Applicable/Not Applicable]  
[Please refer to item 39(v) if applicable]
- (27) Additional Financial Centre(s) or other special provisions relating to payment Dates: [Not Applicable/give details]  
(Note that this item relates to the date and place of payment and not Interest Period end dates to which items 15(ii) and 16(ii) relate)
- (28) Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes (give details) /No]
- (29) Details relating to Instalment Notes; amount of each instalment, date on which each payment is to be made: [Applicable (give details)/ Not Applicable]
- (30) Redenomination: [Applicable/Not Applicable]  
(i) Day Count Fraction applicable to Redenomination calculation: [ ]
- (31) Taxation [Condition 9 first paragraph under (a) applies and Condition 8(b) does not apply] [Condition 9 first paragraph under (b) applies and Condition 8(b) applies]  
Whether Condition 9 first paragraph under (a) of the Notes applies (in which case Condition 8(b) of the Notes will not apply) or whether Condition 9 first paragraph under (b) of the Notes applies (in which case Condition 8(b) of the Notes will apply):

#### **OTHER PROVISIONS**

- (32) Whether TEFRA D or TEFRA C [TEFRA D/TEFRA C/TEFRA not applicable]

rules

- (33) Stabilising Manager (if any): [Applicable (*give legal name*)/Not Applicable]
- (34) Listing
- (i) Listing [Euronext in Amsterdam/Luxembourg Stock Exchange]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [Euronext in Amsterdam/Luxembourg Stock Exchange] 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: [ ]
- (35) Prohibition of Sales to EEA Retail Investors [Applicable/Not Applicable]
- (36) Ratings: The Notes to be issued [have [not] been rated/are expected to be rated]:
- [S & P: [ ]]
- [Moody's: [ ]]
- [Fitch: [ ]]
- [[Other]: [ ]]
- [and endorsed by [*insert details including full legal name of credit rating agency/ies*]]

*(The above disclosure should reflect the rating allocated to Notes of the type issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

Insert one (or more) of the following options, as applicable:

[*Insert full legal name of credit rating agency/ies*] [is]/[are] established in the EEA and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]. [[*Insert full legal name of credit rating agency/ies*] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").] [[*Insert full legal name of credit rating agency/ies*] [is]/[are] not established in the EEA and is not certified under



Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]

- (37) Notification The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**") [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with [the update of] the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a notification that the Prospectus has been drawn up in accordance with the Prospectus Directive as implemented in the Netherlands.]
- (38) 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*]
- (39) Yield (Fixed Rate Notes only) Indication of yield: [ ] [The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
- (40) Operational Information
- (i) ISIN Code: [ ]
  - (ii) Common Code: [ ]
  - (iii) WKN Code: [ ] [Not Applicable]
  - (iv) Other relevant code: [ ] [Not Applicable]
  - (v) New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Yes. 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 intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper.]

Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

- (vi) [Offer Period: [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, following consultation with the relevant Dealer where practical,] (and announce)] [*If not applicable, delete this sub-paragraph*]]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Clearing System: [Euroclear / Clearstream Luxembourg / Euroclear Nederland / other alternative clearing system]
- (41) Names and address(es) of initial Paying Agent(s) (if any): [[ ]/ Not Applicable]
- (42) Name and address of Additional paying agent (if any): [[ ]/ Not Applicable]
- (43) Use of proceeds: [General corporate purposes][*specify other*][*In case Green Bonds are issued, the category of Green Projects must be specified.*]

### Responsibility

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility for the information contained in these Final Terms. [*Insert third party information*] 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

By:

Duly authorised

Notes:

- \* Do not use for Temporary Global Note deposited with Euroclear Nederland.
- \*\* If selected in combination with Euroclear Nederland as clearing system, further legal advice is required.
- \*\*\* Do not use for Permanent Global Note deposited with Euroclear Nederland.

## REGISTERED OFFICE OF THE ISSUER

### **de Volksbank N.V.**

Croeselaan 1  
3521 BJ Utrecht  
The Netherlands

## AGENTS

<b>Banque Internationale à Luxembourg SA</b>	<b>Coöperatieve Rabobank U.A. (Rabobank)</b>
69 Route d'Esch	Croeselaan 18
L-2953 Luxembourg	3521 CB Utrecht
Luxembourg	The Netherlands

## LEGAL ADVISERS

To the Issuer

### **NautaDutilh N.V.**

Beethovenstraat 400  
1082 PR Amsterdam  
The Netherlands

To the Dealers

### **Clifford Chance LLP**

Droogbak 1A  
1013 GE Amsterdam  
The Netherlands

## AUDITORS TO THE ISSUER

(for the year ended 31  
December 2015)

(as of 1 January 2016)

### **KPMG Accountants N.V.**

Laan van Langerhuize 1  
1186 DS Amstelveen  
The Netherlands

### **Ernst & Young**

**Accountants LLP**  
Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

**AMSTERDAM LISTING AGENT**

**de Volksbank N.V.**

Croeselaan 1  
3521 BJ Utrecht  
The Netherlands

**LUXEMBOURG LISTING AGENT**

**Banque Internationale à Luxembourg SA**

69 Route d'Esch  
L-2953 Luxembourg  
Luxembourg

**ARRANGER**

**Coöperatieve Rabobank U.A. (Rabobank)**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**DEALERS**

**Coöperatieve Rabobank**

**U.A. (Rabobank)**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**de Volksbank N.V.**

Croeselaan 1  
3521 BJ Utrecht  
The Netherlands