28 May 2013

NEDERLANDSE WATERSCHAPSBANK N.V.
(Incorporated in the Netherlands with its statutory seat in The Hague)
€60,000,000,000 Debt Issuance Program

Under this €60,000,000,000 Debt Issuance Program (the 'Program') Nederlandse Waterschapsbank N.V. (the 'Issuer' or 'NWB Bank') may from time to time issue notes (the 'Notes') denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). As set out herein, the Notes will not be subject to any maximum maturity but will have a minimum maturity of one month and the maximum aggregate principal amount of all Notes from time to time outstanding will not exceed €60,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes will be issued on a continuing basis to one or more of the Dealers specified below and any additional Dealer appointed under the Program 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. The Notes will be issued in series (each a 'Series') each of which will comprise one or more tranches (each a 'Tranche').

This document constitutes a base prospectus dated 28 May 2013 (the 'Base Prospectus') within the meaning of Directive 2003/71/EC (the 'Prospectus Directive' which term includes amendments thereto, including Directive 2010/73/EU (the '2010 PD Amending Directive') to the extent implemented in a relevant Member State of the European Economic Area to which is referred) and is issued in replacement of a prospectus dated 10 May 2012. This does not affect any notes issued prior to the date of this Base Prospectus.

This Base Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the 'AFM'), which is the Netherlands competent authority for the purpose of the Prospectus Directive and relevant implementing measures in the Netherlands, as a Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of Notes under the Program during the period of twelve months after the date hereof.

Application may be made for Notes issued under the Program to be admitted to trading on NYSE Euronext in Amsterdam ('Euronext Amsterdam'), the regulated market of Euronext Amsterdam N.V., the Official List of the Luxembourg Stock Exchange (the 'Luxembourg Stock Exchange'), NYSE Euronext in Paris ('Euronext Paris'), the regulated market of Euronext Paris S.A., Eurex Deutschland ('Eurex Deutschland'), the regulated market of Eurex Frankfurt AG and the regulated market of London Stock Exchange plc (the 'London Stock Exchange'). The Issuer may also issue unlisted Notes.

The AFM has been requested by the Issuer to provide the Luxembourg *Commission de Surveillance du Secteur Financier* (the 'CSSF'), the French *Autorité des marchés financiers* (the 'AMF'), the German *Bundesanstalt für Finanzdienstleistungsaufsicht* (the 'BaFin') and the UK *Financial Conduct Authority* (the 'FCA') with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with Regulation 809/2004/EC (the

‘Prospectus Regulation’ which term includes amendments thereto, including Regulation 862/2012/EC and Regulation 486/2012/EC).

The Program has been rated AAA (in respect of Notes with a maturity of more than one year) and A-1+ (in respect of Notes with a maturity of one year or less) by Standard & Poor’s Credit Market Services Europe Limited (‘Standard & Poor’s’) and has been rated P-1 (in respect of short-term Notes) and Aaa (in respect of senior unsecured medium-term Notes) by Moody’s Investors Service Limited (‘Moody’s’). Tranches or Series of Notes issued under the Program may be rated or unrated. Where a Tranche or Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Program. 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 Base Prospectus, each of Standard & Poor’s and 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 to be issued under the Program may be specified in the applicable Final Terms. Whether or not each 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 Final Terms.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplemental base prospectus, a new base prospectus or a drawdown prospectus, as appropriate, 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 AFM.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the ‘Securities Act’) or any U.S. state securities laws, and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act (‘Regulation S’)), except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act, applicable U.S. state securities laws or pursuant to an effective registration statement. The Notes may be offered and sold (a) in bearer form or registered form outside the United States to non-U.S. persons in reliance on Regulation S and (b) in registered form within the United States, to persons who are ‘qualified institutional buyers’ (‘QIBs’) within the meaning of and in reliance on Rule 144A under the Securities Act (‘Rule 144A’). Prospective purchasers who are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales, and transfers of Notes and distribution of this Base Prospectus, see ‘Plan of Distribution’ and ‘Transfer Restrictions’ below. Notes in bearer form are subject to U.S. tax law requirements.

Prospective investors should have regard to the factors described under the section headed ‘Risk Factors’ in this Base Prospectus.

This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any documents incorporated by reference herein (which can be found on the website of the Issuer, http://www.nwbbank.com and may be obtained by contacting the Issuer by telephone (+31 70 416 62 66) or by email: legal@nwbbank.com), and in relation to any Tranche, this Base Prospectus should be read and construed together with the applicable Final Terms.

Joint-Arrangers

BofA Merrill Lynch	The Royal Bank of Scotland

Dealers

ABN AMRO	Barclays
BNP PARIBAS	BofA Merrill Lynch
Citigroup	Commerzbank Aktiengesellschaft
Credit Suisse	Daiwa Capital Markets Europe
Deutsche Bank	DZ BANK AG
Goldman Sachs International	HSBC
ING	J.P. Morgan
Landesbank Baden-Württemberg	Mizuho Securities
Morgan Stanley	Natixis
Nederlandse Waterschapsbank N.V.	Nomura
Norddeutsche Landesbank Girozentrale	Rabobank International
RBC Capital Markets	Shinkin International Ltd
The Royal Bank of Scotland	TD Securities
Zürcher Kantonalbank	

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RISK FACTORS

NWB Bank believes that the following factors may affect its ability to fulfill its obligations under the Notes issued under the Program. Factors (although not exhaustive) which could be material for the purpose of assessing the market risks associated with Notes issued under the Program are described below.

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

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

Factors that may affect NWB Bank's ability to fulfill its obligations under Notes issued under the Program

NWB Bank's business and results of operations may be negatively affected by actual or perceived local and global economic and financial market conditions

NWB Bank's business and results of operations are affected by local and global economic conditions, perceptions of those conditions and future economic prospects. The outlook for the global economy over the near to medium term remains challenging. Many forecasts predict at best only stagnant or modest levels of gross domestic product ('GDP') growth in the European Monetary Union ('EMU') where a relatively robust German economy has been offset by the weakness of other Eurozone economies attributable to factors such as high unemployment, declines in consumer spending and the adoption of austerity measures, in response to increased sovereign debt risk. In particular in Greece, Italy, Ireland, Portugal and Spain ('GIIPS'), France and Cyprus economic and GDP growth have been weak.

NWB Bank's business is impacted generally by the business and economic environment in which it operates, which itself is impacted by factors such as changes in interest rates, securities prices, credit and liquidity spreads, exchange rates, consumer spending, business investment, real estate valuations, government spending, inflation, the volatility and strength of the capital markets and also terrorism. Volatility in these factors and market disruption over the past several years have created a less favorable environment for NWB Bank's public sector clientele. The weak economic conditions in recent years combined with resulting high unemployment rates, depressed property markets and pressure on disposable incomes, have slowed investment and consumer spending, which in turn has had an adverse effect on the financing requirements of NWB Bank's public sector clients. Certain of NWB Bank's primary clients, including social housing corporations and provincial and municipal authorities, either reduced investment in their programs or had reduced access to particular funding structures, due to economic uncertainty. For example, during the financial year 2011, NWB Bank experienced a decrease in its lending activities, as the impact of the global economic and financial crisis continued to affect NWB Bank's clients. New lending in the social housing sector was restricted due to limited investment opportunities available to social housing associations caused by the depressed real estate market, while certain municipal and provincial authorities sold off equity shares in utility companies to increase cash flow and opted for short-term financing as they waited for the real estate market to pick up. Although NWB Bank experienced an increase in its lending activities in 2012 (primarily as a result of long-term lending in the social housing sector), long-term lending volumes have not returned to pre-global economic and financial crisis levels and investment levels of NWB Bank's public sector clients remain under pressure. For example, the healthcare sector is experiencing lower financing requirements, mainly due to the reform of the Dutch healthcare system, which incorporates strong cost-cutting incentives for healthcare institutions. Higher financial risks in the healthcare sector could lead to restrictions by the Healthcare Sector Guarantee Fund (*Waarborgfonds*

voor de Zorgsector, 'WFZ') on guaranteed funding, which may limit access to this particular funding structure for NWB Bank's clients in the healthcare sector. Furthermore, the legislative proposal for the Dutch Sustainability of Public Finances Act (*Wet houdbare overheidsfinanciën*) is currently pending before the Lower House of the Dutch Parliament (*Tweede Kamer*). This Act will be the statutory basis of national and European budgetary rules. Such statutory instruments are intended to lead to sustainable public finances and the budgetary rules fit in the broader policy of lowering EMU debt. The Act also contains budgetary rules for local and regional authorities. These rules may affect the future financing needs of local and regional authorities and water boards.

NWB Bank's business and results of operations are also affected by financial market conditions. Although capital and credit markets around the world were more stable during 2012, they remained volatile and subject to intermittent and prolonged periods of disruption. In particular, during the first half of 2012, continuing risk of sovereign default relating to certain European Union ('EU') member states, notably the GIIPS and Cyprus, had a negative impact on capital and credit markets and resulted in higher credit spreads, particularly for these countries. Financial markets are expected to remain volatile, and the challenging economic and market conditions continue to place strain on funding needs and may continue to cause significant volatility to funding costs.

NWB Bank's results of operations have been adversely impacted by these conditions over the past several years. If the levels of market disruption and volatility experienced in the past few years continue or recur, NWB Bank may experience further reductions in business activity, increased funding costs and funding pressures, decreased asset values and/or lower profitability. As a result of changing market conditions and the influence of financial, economic and/or other cycles, NWB Bank's results of operations are subject to volatility that may be outside the control of NWB Bank. NWB Bank's financial condition and results of operations may, therefore, vary significantly from year to year depending on market and general economic conditions.

The continuing economic crisis in Europe may adversely affect NWB Bank's business and results of operations

In Europe, GIIPS have been particularly affected by the macroeconomic and financial conditions. Although the risk of sovereign default reduced in the latter part of 2012 due to actions of the European Central Bank ('ECB') and the EU, the risk of default remains. This default risk and the impact it would have on the Eurozone countries, including the potential that some countries (albeit those with a relatively small GDP) could leave the Eurozone (either voluntarily or involuntarily), raises concerns about the ongoing viability of the euro currency and the EMU. The recent need to bail-out Cyprus, including the bail-in of certain deposits, is an example of this ongoing risk. Uncertainty over the best way forward for the highly indebted Eurozone persists and continues to pose a serious threat to global economic recovery. Despite the various rescue packages and other stabilizing measures adopted throughout Europe to deal with the Eurozone sovereign debt crisis, financial markets are expected to remain volatile, with the risk of contagion unlikely to dissipate in the near term.

The effects on the Dutch, European and global economies of an exit of one or more EU member states from the EMU, a potential dissolution of the EMU and a consequent 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 would likely:

- result in significant market dislocation;
- heighten counterparty risk;
- result in downgrades of credit ratings for European borrowers, giving rise to 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 could have a material adverse effect on NWB Bank's prospects, financial condition and results of operations.

Changes in interest rates and or/widening of liquidity and credit spreads may negatively affect NWB Bank's prospects, financial condition and results of operations

NWB Bank's exposure to fluctuations in interest rates arises from differences in interest rate and terms between lending and borrowing. Changes in prevailing interest rates and/or widening of liquidity and credit spreads may negatively affect NWB Bank's prospects, financial condition and results of operations by decreasing its interest result or decreasing demand for loans. In a period of changing interest rates (and volatile spreads), interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease interest result, NWB Bank's primary source of revenue. Changes in interest rates may negatively affect the value of NWB Bank's assets and its ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect profit. Changes in interest rates may also result in unrealized losses that may be required to be recognized in the income statement or in equity on the balance sheet. In addition, an increase in interest rates (or spreads) may decrease the demand for loans.

NWB Bank's policy is to manage the interest rate risk bank-wide by using interest rate swaps and other derivative instruments for both the asset and the liability side of the balance sheet, in which NWB Bank agrees to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount. NWB Bank's hedging activities, however, may not have the desired beneficial impact on its financial condition or results of operations.

NWB Bank is subject to liquidity risks and adverse capital and credit market conditions may impact NWB Bank's ability to access liquidity as well as the cost of credit

Liquidity risk is the risk that NWB Bank, although solvent, is at any given moment unable to meet its payment obligations due to insufficient financial resources or can only secure such financial resources at excessive cost. NWB Bank requires liquidity in its day-to-day business activities primarily to pay its operating expenses and interest or other payments on its debt or derivatives and replace certain of its maturing liabilities. The principal source of liquidity for NWB Bank is the wholesale lending markets.

Credit markets worldwide experienced a material reduction in the availability of financing as a result of the global financial and economic crisis in 2008/2009. Continuing disruption, particularly in Europe during 2010, 2011 and the first part of 2012, mainly due to the sovereign debt crises associated with, amongst others, GIIPS, has resulted in liquidity and term funding remaining difficult to obtain and terms for certain borrowers being less favorable. In particular, in the second half of 2011 as the EU sought to agree on a further rescue plan for Greece, there was a significant liquidity problem as the interbank market, a traditional source of unsecured short term funding, was severely disrupted and US dollar funding for European banks was largely unavailable. Only the intervention of the ECB and its long-term refinancing operations made available in December 2011 and February 2012 reduced this liquidity problem that was adversely affecting banks across Europe and also had shut many European banks out of the wholesale public markets. Although the efforts of the ECB with the support of central banks has had a positive impact, global credit markets continue to be volatile and credit spreads have not fully returned to pre-global economic and financial crisis levels.

In addition, the market perception of counterparty risk between banks has changed significantly as a result of the global economic and financial crisis. Uncertainty regarding the perception of credit risk across financial institutions has led to, and may continue to lead to, reductions in access to traditional sources of liquidity, such as the wholesale lending markets, or increases in the costs of accessing such liquidity.

Although credit markets generally improved during 2012 and NWB Bank's long-term funding volumes increased in 2012, if any of the problems discussed above continue or recur, NWB Bank's access to the wholesale lending markets, which is its principal source of liquidity, could be restricted or available only at a higher cost.

The availability and cost of financing depends on a variety of factors such as the market conditions referred to above, as well as the general availability of funds, the volume of trading activities, the overall availability of funds to the financial services industry, an issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of an issuer's long- or short-term financial prospects. NWB Bank's access to funds and the cost of such funds is significantly influenced by the views of rating agencies. If NWB Bank's access to the capital markets or the cost of accessing such markets should increase significantly or if NWB Bank is unable to attract other sources of financing, these developments could have an adverse effect on NWB Bank's financial condition and results of operations and could, in turn, impair NWB Bank's access to liquidity.

Credit and counterparty risk may negatively affect NWB Bank's financial condition and results of operations

NWB Bank is subject to general credit risks, including credit risks of borrowers. Third parties that owe NWB Bank money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans made by NWB Bank, the issuers whose securities NWB Bank holds, customers, trading counterparties, counterparties under swap and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to NWB Bank due to bankruptcy, lack of liquidity, downturns in the economy, operational failure or for other reasons. Any such defaults could lead to losses for NWB Bank which could have a material adverse effect on NWB Bank's financial condition and results of operations.

Ratings downgrades and other ratings actions could have an adverse impact on NWB Bank's operations and financial condition

Ratings are important to NWB Bank's business for a number of reasons, including its continued access to the capital markets and cost of funds. NWB Bank has credit ratings from Standard & Poor's and Moody's. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. In January 2012, while confirming the AAA rating, Standard & Poor's placed NWB Bank on negative outlook, following the outlook designated to the State of the Netherlands. In November 2012, Standard & Poor's lowered its rating of the Dutch banking sector and placed NWB Bank's long term rating on credit watch, but cancelled this action one month later based on a reassessment of NWB Bank's role in relation to the Dutch government from very important to critical. Due to its public-sector role, Standard & Poor's considers NWB Bank a 'government-related entity' with an almost certain likelihood of extraordinary government support and accordingly links NWB Bank's rating to that of the State of the Netherlands. Notwithstanding Standard & Poor's view that NWB Bank is a 'government-related entity', you should note that NWB Bank is not a government entity and its debt (including the Notes) are not direct or indirect obligations of the State of the Netherlands or guaranteed in any way by the State of the Netherlands. Any rating action taken by Standard & Poor's with respect to the State of the Netherlands can be expected to impact NWB Bank's ratings and while NWB Bank has not experienced significant negative effects as a result of the recent rating action, any adverse rating actions may adversely affect NWB Bank. In the event of a downgrade or negative outlook with respect to NWB Bank or if NWB Bank is placed on credit watch, NWB Bank's cost of issuing debt instruments might increase, having an adverse effect on net profit and potentially impacting NWB Bank's competitive position with its clients in the public sector and its financial condition.

NWB Bank is exposed to certain concentration risks in its loan portfolio

NWB Bank lends primarily to public authorities and institutions guaranteed by public authorities. In addition, NWB Bank holds a securities portfolio comprising mainly government or government guaranteed bonds, which carry limited weighted credit risk, and RMBS notes, on securitized mortgages with Nationale Hypotheek Garantie (a guarantee provided to certain mortgage lenders by *Stichting WEW*, a private entity, covering payment obligations of the borrowers vis-à-vis the mortgage lender), which carry limited to high credit risk weighting. A relatively small proportion of loans is provided to government controlled companies without government guarantee (Dutch utility companies), which carry a high weighted credit risk. In addition, NWB Bank carries out hedging transactions with financial institutions, including currency and interest rate swaps, money market deposits and other derivative transactions, based on which there is a counterparty risk. NWB Bank's Articles of Association prohibit all lending to privately owned entities, except that, since the amendment to the Articles of Association on 29 April 2013, NWB

Bank is permitted to extend long-term financing in a public-private partnership ('PPP') model. Any loans to be extended under this PPP model will carry a higher weighted credit risk.

While NWB Bank's niche position as a specialized lender to the Dutch public sector means it has a low-risk weighted portfolio, it also has a limited ability to diversify its lending. In particular, NWB Bank has a strong concentration in lending to social housing associations (upward of 60% of its total lending portfolio), which loans are guaranteed by *Stichting Waarborgfonds Sociale Woningbouw* ('WSW'), a social housing fund ultimately supported by the Dutch central government and municipalities. The Government policies and European rules on permitted state aid have a major impact on the social housing sector's financial position and ability to invest. In 2011, the European Commission announced that more stringent guidelines would apply to assets guaranteed by government funds, some of which would apply to the social housing sector, commencing 1 January 2011. The interim State aid scheme for social housing associations took effect on 1 January 2011. The interim scheme defines activities that are eligible for State aid and the conditions to which they are subject. Clarity on the restrictions imposed by the legislation is expected as the regulations are developed further, for example, to delineate the extent to which social housing associations can participate in activities that are not designated as services of general economic interest. As such, if the ultimate impact of the new framework is to limit the volume of guaranteed loans to social housing associations, NWB Bank's financial condition and results of operations could be adversely affected.

The social housing sector is facing multiple challenges. A depressed real estate market limits the investment opportunities available to social housing associations and certain housing associations face specific regional challenges, such as economic contraction. In addition, a range of government measures is adversely affecting the sector.

As a public sector bank, NWB Bank attracts funds from and lends funds to local and regional authorities. In this respect, the developments under Dutch regulation of 'treasury banking' may have an impact on NWB. Treasury banking means the structuring of funds of Dutch ministries, social security funds and a large number of (semi) public organizations, whereby the Dutch State Treasury Agency ('DSTA') is viewed as the central treasury.

In February 2013, the explanatory memorandum to the legislative proposal to amend the Local and Regional Authorities Funding Act (the 'Funding Act') (*Memorie van Toelichting Wijziging van de Wet financiering decentrale overheden, TK 2012-2013, 33 540, nr. 3* (the 'Explanatory Memorandum')) was published. This legislative proposal contains new rules on mandatory treasury banking (*verplicht schatkistbankieren*), which is one of the measures announced in the national budget for 2013. With the introduction of mandatory treasury banking for local and regional authorities, the government aims to decrease the EMU debt of the public sector. If the legislative proposal is adopted and the Funding Act comes into effect, local and regional authorities, including water boards, will be required to hold all their gross surplus liquid funds and investments above the threshold of 0.75% of the total budget with accounts held at the Netherlands Ministry of Finance (*Ministerie van Financiën*). The legislative proposal provides for local and regional authorities to use these surplus liquid funds and investments to discharge debts or - under certain conditions - to grant loans to other local or regional authorities. These amendments aim to decrease the external funding needs of the State of the Netherlands, which is intended to result in a cut on public debt. Within the Ministry of Finance, treasury banking will be executed by the DSTA. The participating local and regional authorities would be required to conclude agreements under private law with the DSTA. The legislative proposal is currently pending before the Lower House of the Dutch Parliament (*Tweede Kamer*).

Public sector banks such as NWB Bank and the local and regional authorities will be consulted regarding the implementation of the envisaged new system of mandatory treasury banking. According to the Explanatory Memorandum, the implementation of mandatory treasury banking is not expected to have a significant effect on public sector banks. Public sector banks such as NWB Bank are expected to maintain their core business of financing local and regional authorities and the semi-public sector. Furthermore, the share ownership of the State of the Netherlands in the public sector banks is not subject to debate. However, if mandatory treasury banking were to be introduced in the Netherlands, there can be no assurance that this would not negatively impact NWB Bank's prospects, financial condition and results of operations.

NWB Bank may be unable to manage its risks successfully through derivatives

NWB Bank employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments and the impact of interest rate and liquidity and credit spread changes. NWB Bank seeks to mitigate these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts including, from time to time, portfolio hedges for parts of its business. NWB Bank's derivative positions have increased in recent years.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate NWB Bank from risks associated with those fluctuations. NWB Bank's hedging strategies also rely on assumptions and projections regarding its assets and liabilities, general market factors and the credit worthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, NWB Bank's hedging activities may not have the desired beneficial impact on its financial condition or results of operations. Poorly designed strategies or improperly executed transactions could actually increase NWB Bank's risks and losses. If NWB Bank terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. NWB Bank's hedging strategies and the derivatives that it uses and may use may not adequately mitigate or offset the risk of interest rate and currency volatility, and NWB Bank's hedging transactions may result in losses.

NWB Bank's risk management methods may leave it exposed to unidentified, unanticipated, or incorrectly quantified risks, which could lead to material losses or material increases in liabilities

In the course of its business activities, NWB Bank is exposed to a variety of risks, the most significant of which are market risk, interest rate risk, liquidity risk, credit and counterparty risk and operational risk (including model risk). NWB Bank's revenues and interest rate risk are dependent upon its ability to properly identify changes in the value of financial instruments caused by changes in market prices, rates and spreads. NWB Bank's earnings are dependent upon the effectiveness of its management of migrations in credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates. Extreme market volatility, like that which prevailed during earlier stages of the global financial crisis, could make it difficult, or in some cases impossible, to value some of the financial instruments that NWB Bank holds. Market volatility may also result in significant unrealized losses or impairment losses on such instruments. For example, in 2012, NWB Bank's profit was negatively affected by the results from financial transactions, which experienced a strong decline mainly due to changes in interest and exchange rates. NWB Bank expects to adjust its method for measuring the fair value of its outstanding swap portfolio during 2013, prompted by evolved best practices in the financial markets. Such revaluation of swaps may result in significant, potentially negative, unrealized changes in market value. NWB Bank will simultaneously make further adjustments to its hedge accounting models in order to try to mitigate the effects of such unrealized fair value fluctuations. While NWB Bank believes it has implemented, and will continue to implement, appropriate policies, systems and processes to control and mitigate these risks, including to manage fluctuations in fair value, investors should note that any failure to adequately control these risks could result in adverse effects on NWB Bank's financial condition, results of operations and reputation.

NWB Bank devotes significant resources to developing risk management policies, procedures and assessment methods for its banking business. NWB Bank uses basis point value ('DV01') limits, earning at risk models, gap analyzes, stress testing, liquidity gap limit models and scenario analyzes as well as other risk assessment methods. Nonetheless, such risk management techniques and strategies may not be fully effective in mitigating risk exposure in all economic market environments or against all types of risk, including risks that NWB Bank fails to identify or anticipate. Some of NWB Bank's qualitative tools and metrics for managing risk are based upon use of observed historical market behavior. NWB Bank applies statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict or predict incorrectly future risk exposures. Moreover, these observations or information may not be accurate, complete, up-to-date or properly evaluated in all cases. NWB Bank's losses thus could be significantly greater than such measures would indicate. In addition, NWB Bank's quantified modeling does not take all risks into account. For a broader set of risks, NWB Bank takes a more qualitative approach to managing those risks, but this is less precise than quantified modeling and

could prove insufficient. There can, therefore, be no assurance that NWB Bank's risk management and internal control policies and procedures will adequately control, or protect NWB Bank against, all credit and other risks. In addition, certain risks could be greater than NWB Bank's empirical data would otherwise indicate. Unanticipated or incorrectly quantified risk exposures could result in material losses for NWB Bank.

Operational risks, are an inherent part of NWB Bank's businesses and failure to manage these risks could harm NWB Bank's business and reputation

NWB Bank's business inherently generates operational risks. The operational risks that NWB Bank faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, including inadequate compliance with internal and external laws, errors resulting from faulty computer or telecommunications systems, transaction processing and settlement, employee misconduct or external events such as fraud. These events could result in financial loss as well as harm to NWB Bank's reputation. Additionally, the loss of key personnel could adversely affect NWB Bank's operations and results.

Although NWB Bank devotes resources to developing its operational risk management policies and procedures, and expects to continue to do so in the future there can be no assurance that these will be adequate or effective. Any material deficiency in NWB Bank's operational risk management or other internal control policies or procedures may expose NWB Bank to significant credit, liquidity or market risks, which may in turn have a material adverse effect on NWB Bank's business, results of operations and financial condition.

NWB Bank operates in a highly regulated industry. There could be changes or increases in the financial services laws and/or regulations governing NWB Bank's business which may adversely affect its operations or profitability

NWB Bank is subject to detailed banking and other financial services laws and government regulation in the Netherlands. The DNB and the AFM have broad administrative power over many aspects of the financial services business, including liquidity, capital adequacy, permitted investments, ethical issues, anti-money laundering, privacy, record keeping, and marketing and selling practices. Failure on the part of NWB Bank to comply with the requirements of the DNB and/or the AFM could result in administrative measures, closer regulatory scrutiny, higher compliance costs or otherwise affect NWB Bank's business, results or financial condition. Banking and other financial services laws, regulations and policies currently governing NWB Bank may also change at any time in ways which have an adverse effect on NWB Bank's business, and it is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof.

As a relatively small organization, NWB Bank is burdened financially and operationally by the pressure of increasing regulations and the heightened duty to provide reports to regulators. In light of the responses to the global economic and financial crisis there is an increased emphasis on new regulations, including in particular rules and regulations regarding capital, liquidity, leverage and other factors affecting banks.

Specifically, in December 2010, the Basel Committee on Banking Supervision published its final standards on the revised capital adequacy framework known as 'Basel III'. These standards are significantly more stringent than the existing requirements. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, on 20 July 2011 the European Commission proposed a legislative package to strengthen the regulation of the banking sector. On 26 March 2013, the Council and the European Parliament reached agreement on a compromise text on the CRD IV-package (known as 'CRD IV'). CRD IV will replace the current Capital Requirements Directives (2006/48 and 2006/49) with a directive and a regulation (the Capital Requirements Regulation or 'CRR') and aims to create a sounder and safer financial system. The CRD IV-directive governs amongst other things the access to deposit-taking activities while the CRD IV-regulation establishes the majority of prudential requirements institutions need to respect. On 16 April 2013, the European Parliament approved the proposed CRD IV. On 24 April 2013 the Dutch Ministry of Finance published the legislative proposal for the Act implementing CRD IV for public consultation.

It is expected that the implementation of CRD IV will begin to take effect in national legislation as of 1 January 2014 and that the application in full of all measures under CRD IV will have to be completed before 1 January 2019.

CRD IV, in implementing Basel III, is intended to increase the quality and quantity of capital, require increased capital against derivative positions and introduce a capital conservation buffer, a counter-cyclical buffer, a new liquidity framework (liquidity coverage ratio and net stable funding ratio) as well as a leverage ratio. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets. If Basel III is followed under CRD IV, the leverage ratio may not fall below 3%, though there is still uncertainty as to the exact implementation of the leverage ratio under CRD IV. The ultimate aim of Basel III/CRD IV is to reduce leverage in order to bring institutions' assets more in line with their capital. The liquidity coverage ratio addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days.

Due to the structure of NWB Bank's balance sheet and its lending mainly to Dutch public sector borrowers with currently zero risk weighting, NWB Bank may not be able to meet the stricter capital and liquidity requirements set under Basel III, in particular the leverage ratio. The volatility in total assets caused by changing interest rates that affect swap-related collateral obligations and require market value adjustments in most of NWB Bank's long-term lending portfolios, makes it difficult to manage balance sheet ratios. NWB Bank believes this volatility would warrant an additional capital buffer on top of the required 3% in order to prevent any unintended failure to achieve the target ratio. To date NWB Bank has managed its balance sheet and regulatory capital (its balance sheet capital ratio at 31 December 2012 was 1.6%) on the basis that substantially all of its assets carry a zero risk-weighting. When its non-risk weighted assets are included and if CRD IV, in implementing Basel III, requires the minimum leverage ratio of 3%, in order to meet such ratio, NWB Bank could be required either to significantly increase its Tier-1 capital or reduce its lending. In order to increase its Tier-1 capital, in addition to retaining profits, NWB Bank may need to issue other capital instruments, such as hybrid debt instruments, which may carry a higher cost of funding than its existing long-term debt. Having to increase Tier-1 capital and/or reduce lending could have an adverse effect on NWB Bank's business and/or results of operations.

In addition to the capital requirements, CRD IV also deals with market access and license requirements for banks. The definition of 'bank' is set out in the CRR, the EU regulation which will have direct effect in the Netherlands. As a consequence thereof, the Dutch consultation proposal includes a definition of bank and banking license requirement that merely refers to the definition in the CRR, which means that the notion of a bank and the question whether an entity falls within the scope of the banking license requirement is primarily decided at the EU level.

In addition, the introduction of, and changes to, taxes, levies or fees applicable to NWB Bank's operations (such as the imposition of a financial transactions tax and bank levy) could have an adverse effect on its business and/or results of operations. For example, in 2012 the Dutch bank tax was introduced, which, at an amount of €12 million for 2012, had a significant adverse impact on NWB Bank's results of operations.

NWB Bank cannot predict what impact the new rules and regulations will have on its business until the rules and regulations are fully adopted and implemented. Any new or changed regulations may adversely affect NWB Bank's business and/or results of operations.

The IT and other systems on which NWB Bank depends for its day-to-day operations may fail for a variety of reasons that may be outside its control

NWB Bank's operations are highly dependent on its ability to process and monitor, on a daily basis, a large number of transactions, some of which are complex, while complying with applicable laws and regulations. NWB Bank's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled, which may have an adverse effect on NWB Bank's ability to process transactions or provide services. Other factors which could cause NWB Bank's operating systems to fail or not operate properly include a deterioration in the quality of IT development, support and operations processes and, in particular, high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing

complexity of operations. Critical system failure and/or prolonged loss of service could cause serious damage to NWB Bank's ability to service its clients and could cause long-term damage to NWB Bank's business and reputation. For example, any breach in security of NWB Bank's systems from increasingly sophisticated attacks by cybercrime groups, could have a significant negative effect on NWB Bank's reputation, result in the disclosure of confidential information, and create potential financial and legal exposure. Despite NWB Bank's ongoing expenditures on its IT systems, there can be no assurance that these expenditures will be sufficient or that its IT systems will function as planned. Any disruption in, or any breach in security of, NWB Bank's IT or other systems may have a material adverse effect on its business, financial condition or results of operations.

NWB Bank is reliant on third parties to which it has outsourced certain functions

NWB Bank relies on a third party provider for part of its IT services. Any interruption in the services of this third party or deterioration in its performance of the outsourced services could impair the timing and quality of NWB Bank's services to its clients. Furthermore, if the contract with this third party provider is terminated or any third party provider of critical services in the future, NWB Bank may not find alternative service providers on a timely basis or on as favorable terms or may suffer disruption as a result of the transition of functions to the new services provider. The occurrence of any of these events could adversely affect NWB Bank's business, reputation, results of operations or financial condition.

Risks related to the market for the Notes

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

The secondary market generally; liquidity

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. Liquidity could be affected by a number of factors, including the introduction of a financial transaction tax. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes will generally have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

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

Government and monetary authorities may impose (as some have done in the past) exchange controls (such as but not limited to requirements concerning the transfer or conversion of assets held in a specific state). Imposed exchange controls could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risk

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

Credit rating risk

Credit or corporate ratings may not reflect all risks. One or more independent rating agencies may assign ratings to the Notes and/or NWB Bank. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this paragraph, and other factors that may affect the value of the Notes or the standing of NWB Bank. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In the event a rating assigned to the Notes and/or NWB Bank is lowered for any reason, the market value of the Notes may be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

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

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

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus and any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential Investor's Currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices in the financial markets (including the risks associated therewith) as such investor is more vulnerable to any fluctuations in the financial markets generally;

(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 investments and its ability to bear the applicable risks; and

(vi) be aware that he or she may receive no interest, that payment of principal or interest may occur at a different time or in a different currency than expected, or that he or she may lose all or a substantial portion of their principal.

Risks related to the structure of a particular issue of Notes

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

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

Notes subject to optional redemption by NWB Bank

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

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

FX Linked Notes, Inflation Linked Notes, CMS Linked Notes, Dual Currency Notes and Notes to which Automatic Early Redemption provisions apply

NWB Bank may issue Notes with principal or interest determined by reference to an index or formula or to movements in currency exchange rates (each, a 'Relevant Factor'). Notes with principal or interest determined by a Reference Factor may be particularly vulnerable to risks which may include, among others, interest rate, foreign exchange, time value and political risks. Other factors that may influence the Relevant Factor may include changes in the method of calculating the price or level of the relevant Reference Factor from time to time, changes to the composition of the relevant Reference Factor and market expectations regarding its future performance. In addition, NWB Bank 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 the types of Notes referred to above may be very volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) depending on their original principal and on the type of Notes, they may lose all or a substantial portion of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified;

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield; and

(viii) Notes may contain broad calculation agent discretions to interpret, change and redeem the Notes, where such discretions are not required to be exercised in the interest of the Noteholders.

Bearer Notes where denominations involve integral multiples: Definitive Bearer Notes

In relation to any issue of Bearer Notes which have a denomination consisting of a minimum Specified Denomination and one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of such trading, holds an amount which is less than the minimum Specified Denomination (a 'Stub Amount') in its account with the relevant clearing system at the relevant time may not receive a Definitive Bearer Note in respect of such holding (should Definitive Bearer Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum Specified Denomination. If Definitive Bearer Notes are issued, holders should be aware that Definitive Bearer Notes which have a denomination which is

not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade. As long as the Stub Amount is held in the relevant clearing system, the Noteholder will be unable to transfer this Stub Amount.

Notes issued at a substantial discount or premium

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

Risks related to Notes generally

Modification and waiver

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

Tax consequences of holding the Notes

Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes. Bearer Notes generally may not be offered or sold in the United States or to U.S. persons. Unless an exemption applies, a U.S. person holding a Bearer Note or Coupon will not be entitled to deduct any loss on the Bearer Note or Coupon and must treat as ordinary income any gain realized on the sale or other disposition (including the receipt of principal) of the Bearer Note or Coupon.

Restrictions on transfer

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable United States state securities laws, or pursuant to an effective registration statement. The Notes and the Agency Agreement (as defined in the Terms and Conditions of the Notes) will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions under the Securities Act. Bearer Notes are subject to United States tax law requirements. Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to United States persons, as are defined in the U.S. Internal Revenue Code of 1986, as amended (the 'Code') and the U.S. Treasury Regulations thereunder. See 'Plan of Distribution' and 'Transfer Restrictions'. Investors must ensure that their offers and sales of the Notes within the United States and other countries comply with all applicable laws, including, amongst others, the laws mentioned above. If offers and sales of Notes do not comply with all applicable laws in relevant jurisdictions, Notes may not be able to be sold, transferred or delivered to certain investors and investors may not be able to sell, transfer and deliver Notes to third parties who are residents, citizens or holders of securities accounts in such jurisdictions.

Notes held in global form

The Notes will initially be held by a common depositary or, as the case may be, a common safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg and/or by a custodian on behalf of DTC in the form of either a Temporary Bearer Global Note, interests in which are exchangeable for interests in a Permanent Bearer Global Note in the case of an issue subject to the TEFRA D Rules upon certification as to non-U.S. beneficial ownership or a Registered Global Note. Interests in a Permanent Bearer Global Note, or Registered Global Note will be exchangeable for Definitive Bearer Notes or, as the case may be, Registered Notes in definitive form ('Individual Note Certificates') only in limited circumstances as more fully described in the section headed 'Form of the Notes' below. Notes held by a custodian on behalf of DTC must be in registered form. For as long as any Notes are

represented by a Bearer Global Note or a Registered Global Note held by a common depositary or a common safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg and/or by a custodian on behalf of DTC, payments of principal, interest (if any) and any other amounts due in respect of the Notes will be made through Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be) against presentation or surrender (as the case may be) of the relevant Bearer Global Note or, as applicable, Registered Global Note and, in the case of a Temporary Bearer Global Note subject to the TEFRA D Rules, payments due prior to the Exchange Date (as defined below), will be made only upon certification as to non-U.S. beneficial ownership. In the case of Bearer Notes, the bearer of the relevant Bearer Global Note, being the common depositary or, as the case may be, common safekeeper for Euroclear and/or Clearstream, Luxembourg, shall be treated by NWB Bank and any Paying Agent as the sole holder of the relevant Notes represented by such Bearer Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes. In the case of Registered Notes, each Note represented by a Registered Global Note will be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg or DTC and such nominee shall be treated by NWB Bank and any Paying Agent as the sole holder of the relevant Notes represented by such Registered Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of such Notes. A holder of a beneficial interest in a Bearer Global Note or a Registered Global Note must rely on the procedures of Euroclear, Clearstream, Luxembourg and/or DTC to receive payments under the relevant Notes and may therefore not be able to enforce its rights to receive payment with respect to those Notes directly against NWB Bank or the Paying Agent.

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 and/or DTC, as the case may be. Such rules and procedures may place restrictions or time constraints on the transferability of Notes to certain investors.

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 DTC), 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 NWB Bank. 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 NWB Bank.

For the purposes of (a) distributing any notices to Noteholders, and (b) recognizing Noteholders for the purposes of attending and/or voting at any meetings of Noteholders, NWB Bank will recognize as Noteholders only those persons who are at any time shown as accountholders in the records of Euroclear and/or Clearstream, Luxembourg and/or DTC 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 and/or DTC and to return the investor's voting instructions or voting certificate application to Euroclear and/or Clearstream, Luxembourg and/or DTC. 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 NWB Bank, the Arrangers, any Dealer appointed under the Program or any Paying 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 Base Prospectus. No assurance can be given as to the impact of any possible change to Dutch law or administrative practice after the date of this Base Prospectus. A material change to Dutch law or administrative practice may affect, amongst others, the rights which investors may be able to enforce against NWB Bank.

Prospective investors should note that the courts of the Netherlands will 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 NWB Bank in any court of competent jurisdiction. The laws of the Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes and the application of the laws of the Netherlands may therefore lead to a different interpretation of, amongst others, the Terms and Conditions of the Notes than the investor may expect if the equivalent law of his home jurisdiction were applied.

Crisis Management Directive and Statutory Loss Absorption

On 6 June 2012, the European Commission proposed a new directive, known as the Crisis Management Directive, a comprehensive framework for dealing with ailing banks. This proposed directive includes proposals to give regulators resolution powers, inter alia, to write down the debt of a failing bank (or to convert such debt into equity) to strengthen its financial position and allow it to continue as a going concern, subject to appropriate restructuring measures being taken. It is currently unclear whether measures ultimately adopted in this area will apply to any debt currently in issue, or whether grandfathering rules will apply.

It is possible that pursuant to the Crisis Management Directive or other resolution or recovery rules which may in the future be applicable to NWB Bank (including, but not limited to, CRD IV), new powers may be granted by way of statute to the DNB and/or any other relevant authority (each, a 'Relevant Authority') which could be used in such a way as to result in debt, including the Notes, absorbing losses ('Statutory Loss Absorption').

Pursuant to the exercise of any Statutory Loss Absorption measures, the Notes could, in certain circumstances, become subject to a determination by the Relevant Authority or NWB Bank (following instructions from the Relevant Authority) that all or part of the principal amount of the Notes, including accrued but unpaid interest in respect thereof, must be written off, converted into Tier 1-capital or otherwise be applied to absorb losses. The rules and regulations giving effect to such Statutory Loss Absorption are likely to provide that such determination shall not constitute an Event of Default (as defined in Condition 10) and Noteholders will have no further claims in respect of any amount so written off or otherwise as a result of such Statutory Loss Absorption.

Any determination that all or part of the principal amount of the Notes will be subject to Statutory Loss Absorption may be inherently unpredictable and may depend on a number of factors which may be outside NWB Bank's control. Accordingly, trading behavior in respect of Notes which are subject to Statutory Loss Absorption is not necessarily expected to follow trading behavior associated with other types of securities. Any indication that Notes will become subject to Statutory Loss Absorption could have an adverse effect on the market price of the relevant Notes. Potential investors should consider the risk that a Noteholder may lose all of its investment in such Notes, including the principal amount plus any accrued but unpaid interest, if those Statutory Loss Absorption measures were to be taken.

As used in these risk factors, 'Crisis Management Directive' means any relevant laws and regulations applicable to NWB Bank at the relevant time pursuant to, or which implement, or are enacted within the context of, a directive and/or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, a draft of which was published on 14 February 2013.

Special Measures Financial Institutions Act

The Dutch legislature has adopted banking legislation dealing with ailing banks (*Special Measures Financial Institutions Act, Wet bijzondere maatregelen financiële ondernemingen or Interventiewet*, the 'SMFI'). The SMFI

contains similar legislation to the rules outlined in the draft Crisis Management Directive (see above under 'Crisis Management Directive and Statutory Loss Absorption'). Pursuant to the SMFI, substantial powers are granted to the DNB and the Dutch Minister of Finance enabling them to deal with, inter alia, ailing Dutch banks with the aim of avoiding their insolvency. The SMFI aims to empower the DNB or the Minister of Finance, as applicable, to commence proceedings leading to: (i) transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser; (ii) transfer of all or part of the business of the relevant bank to a 'bridge bank'; and (iii) public ownership (nationalization) of the relevant bank and expropriation of its outstanding debt securities (including the Notes). Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the DNB or the Minister of Finance, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

Within the context of the resolution tools provided in the SMFI, holders of debt securities of a bank (including the Noteholders), subject to resolution, could be affected by issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings. The draft Crisis Management Directive includes similar proposals.

Future bank recovery and resolution regimes

It is possible that under the SMFI, the Crisis Management Directive or any other future similar proposals, any new resolution powers granted by way of statute to the DNB and/or any other Relevant Authority could be used in such a way as to result in the debt instruments of NWB Bank, such as the Notes, absorbing losses or otherwise affecting the rights of Noteholders in the course of any resolution of NWB Bank.

It is at this stage uncertain whether the Crisis Management Directive will be adopted and if so, when and in what form. However, the SMFI and, if it were to be adopted in its current form, the Crisis Management Directive could negatively affect the position of Noteholders and the credit rating attached to the Notes, in particular if and when any of the above proceedings would be commenced against NWB Bank, since the application of any such legislation may affect the rights and effective remedies of the Noteholders as well as the market value of the Notes.

EU Savings Directive

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

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither NWB Bank nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. NWB Bank is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

After 31 December 2016, NWB Bank or other intermediaries may be required to withhold FATCA tax on payments made to certain institutions on Notes that are issued or materially modified after 31 December 2013

Under certain provisions of the U.S. Internal Revenue Code (commonly referred to as 'FATCA'), NWB Bank may be subject to 30% U.S. withholding tax on certain payments it receives unless it enters into an agreement (a 'FATCA agreement') with the U.S. Internal Revenue Service (the 'IRS') pursuant to which it agrees to report to the IRS information about any of its 'United States accounts' and comply with certain procedures to be determined by the IRS. NWB Bank has not yet determined whether it will enter into a FATCA agreement and thereby become a participating foreign financial institution ('participating FFI') if it is required to do so in order to avoid any such withholding. Under FATCA and the U.S. Treasury regulations thereunder NWB Bank, if NWB Bank enters into a FATCA agreement, or another intermediary that is a participating FFI, may be required, pursuant to its FATCA agreement to withhold 30% withholding tax from certain payments made after 31 December 2016 to the extent such payments are considered to be 'foreign passthru payments' (which term is not yet defined) if such payments are made to a 'foreign financial institution' that is not a participating FFI and are made on Notes issued or materially modified on or after the later of 1 January 2014 and the date that is six months after the date on which final U.S. Treasury regulations defining the term 'foreign passthru payment' are issued. It is not yet clear whether or to what extent payments on the Notes will be treated as foreign passthru payments.

In addition, the U.S. Treasury Department is negotiating intergovernmental agreements with a number of countries. In the event that an intergovernmental agreement were applicable to NWB Bank, NWB Bank may not need to enter into a FATCA agreement with the IRS and NWB Bank may not be required to withhold on any foreign passthru payment made by it. Prospective investors should consult their tax advisers regarding the application of FATCA to an investment in the Notes. See 'Taxation—United States Federal Income Taxation—Potential U.S. FATCA withholding after 31 December 2016.'

OVERVIEW OF THE PROGRAM AND TERMS AND CONDITIONS OF THE NOTES

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including any amendment and/or supplement hereto and the documents incorporated by reference herein. The following overview does not purport to be complete and is taken from, and is qualified by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in the Terms and Conditions of the Notes or elsewhere in this Base Prospectus have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.

NWB Bank

NWB Bank is a specialized lender to the public sector primarily in the Netherlands. NWB Bank's principal business activities include providing loans to municipal, provincial and other public authorities such as water boards, and other legal entities which are guaranteed and/or controlled by central or other public authorities (either fully or substantially, directly or indirectly, and by means of share-ownership or otherwise). NWB Bank's articles of association (the 'Articles of Association') prohibit all lending to privately owned entities, except that, since the amendment to the Articles of Association on 29 April 2013, NWB Bank is permitted to extend long-term financing in a public-private partnership model.

As of 31 December 2012, NWB Bank had total assets of €76,084 million (€67,696 million as of 31 December 2011) and total equity of €1,226 million (€1,188 million as of 31 December 2011). For the full year ended 2012 NWB Bank had net profit of €40 million (€75 million as of 31 December 2011).

NWB Bank was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on 5 May 1954. Its legal name is Nederlandse Waterschapsbank N.V and its trade name is NWB Bank. It is registered in the trade register of the Chamber of Commerce (*Kamer van Koophandel*) for Den Haag under No. 27049562. NWB Bank's ownership is restricted to the State of the Netherlands and other public entities. 81% of NWB Bank's shares are held by 24 water boards (*waterschappen*), the Dutch State's shareholding is 17% and 9 Dutch provinces hold the remaining 2%. NWB Bank is established in The Hague and has no branches.

NWB Bank's registered office is at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. Its telephone number is +31 70 4166266. NWB Bank is authorized by De Nederlandsche Bank N.V. ('DNB') to pursue the business of a credit institution (*kredietinstelling*) in the Netherlands and is consequently supervised by DNB. In addition, for purposes of market conduct supervision, NWB Bank is also supervised by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the 'AFM'). See 'Nederlandse Waterschapsbank N.V. – Supervision and Regulation'.

Funding of NWB Bank

NWB Bank's need for funding generally varies between €8 billion to €10 billion equivalent per annum. In order to raise funds on the international capital markets NWB Bank established this Program of €60 billion as well as several other funding programs, including a U.S. $10 billion commercial paper program, allowing it to raise funds in various markets. NWB Bank can raise funds under the above mentioned programs as well as on a stand-alone basis.

Managing board and supervisory board

The managing board of NWB Bank (the 'Managing Board') consists of chairman R.A. Walkier and members L.M.T. van Velden and F. J. van der Vliet. The supervisory board of NWB Bank (the 'Supervisory Board') currently consists of nine members, which are listed in the section 'Nederlandse Waterschapsbank N.V.'

Change in accounting policy

NWB Bank prepared its financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union ('IFRS-EU') from 2005 through 2010. In connection with its adoption of

IFRS-EU, NWB Bank elected to apply the fair value option to a large portion of its loan portfolio recorded as assets in the statement of financial position. Under the fair value option, designated items in the statement of financial position were to be stated at market value, with changes in market value included in profit or loss. NWB Bank's experience following the global economic and financial crisis showed that NWB Bank's profit fluctuated relatively sharply year-on-year due to unrealized market value gains and losses associated with the application of the fair value option.

Since the global economic and financial crisis, the market value changes were caused by fluctuations in interest spreads for liquidity and credit risk impacting asset values even for the most credit-worthy borrowers. Since substantially all of NWB Bank's loans are granted to or guaranteed by the Dutch central government and local Dutch authorities NWB Bank believed that the valuation changes experienced by NWB Bank were of an accounting nature and did not reflect the actual credit risk associated with NWB Bank's borrowers.

A further factor was that NWB Bank believed that the credit risk (and thus repayment risk) on these loans was exceptionally low, as evidenced by a history with no credit losses. NWB Bank does not normally sell loans before their respective redemption dates, but rather holds them until maturity. In addition, NWB Bank does not hold any financial instrument for trading purposes, nor has it ever had the intention to create this impression through the presentation in the financial statements.

Viewed against this background, NWB Bank concluded that the fair value option under IFRS-EU did not suit the nature of NWB Bank's operations and that the fair value option presentation was less informative. Furthermore, its application made NWB Bank's financial reporting less comparable with that of other banks, which generally do not apply this accounting principle to their loan portfolios, or only do so to a limited extent.

In order to better reflect NWB Bank's position as a public-sector bank, in 2011 it decided to prepare its financial statements on the basis of generally accepted accounting principles in the Netherlands prepared on the basis of Title 9 of Book 2 of the Dutch Civil Code and the Dutch Accounting Standards ('DAS') as issued by the Dutch Accounting Standards Board ('DASB') (hereinafter collectively 'Dutch GAAP') with effect from 1 January 2011. NWB Bank elected to make this change because IFRS-EU did not provide for the possibility to cease applying the fair value option on a retrospective basis. As NWB Bank has no subsidiaries and/or group companies, no consolidated financial statements are prepared by NWB Bank. As a result, NWB Bank is not required by law or regulation to apply IFRS-EU and as such it is allowed to prepare its financial statements in accordance with Dutch GAAP.

The conversion to Dutch GAAP meant a change in accounting policies. For the purposes of providing the comparative Financial Information (as defined below) for the year ended 31 December 2010 NWB Bank has adjusted the opening balance of each affected component of equity as per 1 January 2010 and the other comparative amounts disclosed as if the new accounting policy had always been applied.

Dutch GAAP has several specific choices in respect of the measurement and recognition of gains and losses on financial instruments. The measurement and recognition choices depend on the category in which the financial instrument is classified. Under Dutch GAAP NWB Bank measures its loans (granted and funded) at amortized cost and continues to measure its derivatives at fair value and subsequently applies fair value hedge accounting. Thus applying fair value hedge accounting under Dutch GAAP is similar to under IFRS-EU.

The differences between applying Dutch GAAP and IFRS-EU (if IFRS-EU was applied without the fair value option, but including the application of hedge accounting from 2005) are minimal. As a general policy, NWB Bank applies the options under Dutch GAAP to enable maximum convergence with IFRS-EU. NWB Bank believes that adoption of Dutch GAAP provides it with a better and fairer alternative compared to accounting under IFRS-EU and will appropriately reflect a true and fair view of its financial position and results in its financial statements.

Further information

Throughout the life of the Program, copies of the following documents will, when published, be available, free of charge, at the registered office of NWB Bank and at the specified office of the Principal Paying Agent and the Non-U.S. Paying Agent:

(a) an English translation of NWB Bank's deed of incorporation and the most recent Articles of Association;

(b) the audited financial information as at and for the year ended 31 December 2010 prepared on the basis of Dutch GAAP;

(c) the annual reports of NWB Bank for the three most recent financial years, which contain audited financial statements as at and for the years ended 31 December 2012 and 2011 prepared in accordance with Dutch GAAP and as at and for the year ended 31 December 2010 prepared in accordance with IFRS-EU;

(d) an English translation of the most recently available published unaudited interim financial statements and report of NWB Bank;

(e) the Program Agreement and any agency agreement (which contains the forms of the Temporary and Permanent Bearer Global Notes, the Definitive Bearer Notes, the Registered Global Notes, the Individual Note Certificates, the Receipts, the Coupons and the Talons);

(f) a copy of this Base Prospectus; and

(g) any future base prospectuses, offering circulars, supplementary listing particulars, information memoranda and supplements (including the Final Terms in respect of listed Notes) to this Base Prospectus and any other documents incorporated herein or therein by reference.

Financial information relating to NWB Bank

NWB Bank has applied Dutch GAAP from 1 January 2011. NWB Bank's audited financial information as at and for the years ended 31 December 2010, 2011 and 2012 set out or incorporated by reference herein (the 'Financial Information') has been prepared in accordance with Dutch GAAP and has been audited by KPMG Accountants N.V.

As a result of preparing the Financial Information in accordance with Dutch GAAP, such Financial Information is prepared on a basis of accounting principles different from NWB Bank's previously prepared financial statements as at and for the years ended 31 December 2008, 2009 and 2010 which were prepared in accordance with IFRS-EU.

Dutch GAAP differs in certain material respects from IFRS-EU. As a result, the Financial Information which is prepared in accordance with Dutch GAAP is not comparable to the financial statements as at and for the years ended 31 December 2008, 2009 and 2010 prepared in accordance with IFRS-EU which are included herein. You are cautioned therefore not to compare the financial data included herein that are prepared on the bases of different accounting principles. A description of the principal differences between Dutch GAAP and IFRS-EU which impact NWB Bank's financial statements is set forth under 'Presentation of Financial and Other Information – Principal differences between Dutch GAAP and IFRS-EU'.

The adoption of Dutch GAAP has led to changes in the presentation of the balance sheet and income statement, given that their presentations are prescribed under Dutch GAAP. The comparative figures as at and for 31 December 2010 have been restated accordingly. See 'Presentation of Financial and Other Information – Changed presentation of balance sheets and income statements'.

Unless specifically stated otherwise all financial information included in this Base Prospectus has been prepared in accordance with Dutch GAAP.

The following table sets out certain selected financial data as at and for the years ended 31 December 2012, 2011 and 2010 as prepared in accordance with Dutch GAAP:

	Year ended 31 December		
	2012	2011	2010
	(€ millions, except percentages)		
Balance Sheet			
Long-term loans and advances[1]	48,142	45,474	43,172
Equity	1,226	1,188	1,135[2]
Total assets	76,084	67,696	57,358
Risk-weighted assets	933	1,112	904
Results			
Interest	107	75	104
Total operating income	83	113	134
Total operating expenses	26[3]	15	13
Tax on profit from ordinary operations	17	23	30
Net profit	40	75	91[4]
Ratios (%)			
BIS solvency ratio[5]	111.2	90.3	99.9
Operating expenses/interest ratio[6]	13.1	20.0	10.6
Capital ratio[7]	1.6	1.8	2.0

(1) Long-term lending at nominal value.

(2) The effect on equity of adoption of Dutch GAAP compared to that reported under IFRS-EU is an increase of €67 million for the year ended 31 December 2010 (see note 36 of the Financial Information for the years ended 31 December 2011 and 2010 and 'Conversion from IFRS-EU to Dutch GAAP – Effect of Conversion' in this Base Prospectus).

(3) Including bank tax.

(4) The effect on net profit of adoption of Dutch GAAP compared to that reported under IFRS-EU is an increase of €53 million for the year ended 31 December 2010 (see note 36 of the Financial Information for the years ended 31 December 2011 and 2010 and 'Conversion from IFRS-EU to Dutch GAAP – Effect of Conversion' in this Base Prospectus).

(5) Equity including revaluation reserves as a percentage of credit and operational risk weighted amounts.

(6) Operating expenses (total operating expenses less contribution to Stichting NWB Fonds and excluding bank tax) as a percentage of interest.

(7) Equity as a percentage of total assets.

The following table sets out certain selected financial data as at and for the years ended 31 December 2008 through 2010 prepared in accordance with IFRS-EU together with financial data as at and for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with Dutch GAAP:

	2012 Dutch GAAP	2011 Dutch GAAP	2010[1] Dutch GAAP	2010 IFRS-EU	2009 IFRS-EU	2008 IFRS–EU
	2012	2011	2010[1]	2010	2009	2008
	(€ millions, except percentages and per share data)					
Balance Sheet						
Long-term loans and advances	48,142	45,474	43,172	43,172	40,172	35,934
Equity	1,226	1,188	1,135	1,068	1,048	1,047
Total assets	76,084	67,696	57,358	57,219	52,422	48,396
Risk-weighted assets	933	1,112	904	897	1,721	1,561
Results						
Interest	107	75	104	104	92	128
Total Operating income	83	113	134	64	90	26
Operating expenses	26[2]	15	11	11	10	10
Contribution to NWB Fonds	0	0	2	2	4	4
Tax on profit from ordinary operations	17	23	30	13	19	3
Net profit	40	75	91	38	57	9
Dividends						
Dividend payment (in € millions)	0	0	23	23	40	40
Dividend per share (in €)	0	0	390	390	678	678
Ratios (%)						
BIS solvency ratio[3]	111.2	90.3	99.9	94.5	51.4	53.2
Operating expenses/interest ratio[4]	13.1	20.0	10.6	10.6	10.9	7.8
Dividend payout ratio[5]	0.0	0.0	25.3	59.9	70.2	100[6]
Capital ratio[7]	1.6	1.8	2.0	1.9	2.0	2.1

(1) As a result of adopting Dutch GAAP certain line items on the statement of income and the balance sheet are different compared to IFRS-EU and certain balance sheet items have been reclassified on the Dutch GAAP balance sheet. See, 'Presentation of Financial and Other Information – Changed presentation of balance sheets and income statements'.

(2) Including bank tax.

(3) Equity including revaluation reserves as a percentage of credit and operational risk weighted amounts.

(4) Operating expenses (total operating expenses less contribution to Stichting NWB Fonds and excluding bank tax) as a percentage of interest.

(5) Dividend as a percentage of profit for the year. Dividend as a percentage of profit for the year 2010 declined as presented under Dutch GAAP due to the profit increase for the year as a result of reporting under Dutch GAAP. The level of dividend payment was determined under IFRS-EU on the basis of the profit as presented under IFRS-EU, which was lower.

(6) Excluding payment of €31 million charged to the general reserve.

(7) Equity as a percentage of total assets.

Risk factors

Potential investors must be aware of certain risk factors as described in detail in the section entitled 'Risk Factors' including:

- Factors that may affect NWB Bank's ability to fulfill its obligations under Notes issued under the Program;
- Risks related to the market for the Notes;
- Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Program;
- Risks related to the structure of a particular issue of Notes; and
- Risks related to Notes generally.

Key characteristics of the Program and the Notes

Description	Debt Issuance Program
Issuer	Nederlandse Waterschapsbank N.V.
Program	The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes under the Program denominated in any currency (including Euro) as may be agreed between the Issuer and the relevant Dealer. The aggregate principal amount, any interest rate or interest calculation, the issue price and any other terms and conditions contained herein with respect to each Series (as defined on the cover page) of Notes will be determined at the time of issuance and set forth in the applicable final terms (the 'Final Terms').
Size	Up to €60,000,000,000 aggregate principal amount of Notes (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuer may increase the amount of the Program in accordance with the terms of the program agreement dated 28 May 2013 (as further amended and/or supplemented and/or restated from time to time, the 'Program Agreement').
Joint-Arrangers	Merrill Lynch International The Royal Bank of Scotland plc
Dealers	ABN AMRO Bank N.V. Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (Europe) Limited Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International HSBC Bank plc ING Bank N.V. J.P. Morgan Securities plc Landesbank Baden-Württemberg Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc Natixis Nederlandse Waterschapsbank N.V. Nomura International plc Norddeutsche Landesbank Girozentrale RBC Europe Limited Shinkin International Ltd The Royal Bank of Scotland plc

	The Toronto-Dominion Bank Zürcher Kantonalbank
Principal Paying Agent	Citibank N.A.
Non-U.S. Paying Agent.....	Banque Internationale à Luxembourg, only with respect to Tranches (as defined on the cover page) of Notes which are solely offered and sold by the Issuer and/or the Dealers in bearer form outside the United States to non-U.S. persons in reliance on Regulation S and only if so specified in the applicable Final Terms.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
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 krone, Euro, Hong Kong dollars, New Zealand dollars, Sterling, Swiss Francs, Norwegian krone, Swedish krona, Turkish lira, United States dollars, South African rand and Japanese yen.
Redenomination.....	The applicable Final Terms may provide that the Notes may be redenominated in Euro. The relevant provisions applicable to such redenomination are contained in Condition 4.
Maturities.....	Any maturity, subject to applicable laws, regulations and restrictions and subject to a minimum maturity of one month.
Issue Price.....	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par. The Issue Price will be disclosed in the Final Terms.
Issuance in Series.....	The Notes will be issued in Series. Each of which will comprise one or more Tranches. The Notes of each Series will all be subject to identical terms, except that the issue date, issue price and the date of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Form of Notes.....	The Notes will be issued in bearer form (‘Bearer Notes’) or registered form (‘Registered Notes’) as set out in the applicable Final Terms. Registered Notes will not be exchangeable for Bearer Notes and vice versa. No single Tranche may comprise both Bearer Notes and Registered Notes.

Bearer Notes

Each Tranche of Bearer Notes will be sold outside the United States in 'offshore transactions' within the meaning of Regulation S. Bearer Notes are subject to United States tax law requirements. Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to United States persons, as defined under the Code and the U.S. Treasury regulations thereunder. Bearer Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a temporary bearer global note (a 'Temporary Bearer Global Note') which will be deposited on the relevant issue date either (i) if the Bearer Notes are intended to be issued in new global note ('NGN') form, with a common safekeeper for Euroclear Bank S.A./N.V. ('Euroclear') and Clearstream Banking société anonyme ('Clearstream, Luxembourg') or (ii) if the Bearer Notes are not intended to be issued in NGN form, with a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system.

Interests in the Temporary Bearer Global Note will be exchangeable as described therein for either interests in a permanent bearer global note (a 'Permanent Bearer Global Note' and together with the Temporary Bearer Global Notes, the 'Bearer Global Notes') or Bearer Notes in definitive form ('Definitive Bearer Notes') from the 40th day after the date on which the Temporary Bearer Global Note is issued upon certain conditions including, in the case of a Temporary Bearer Global Note where the issue is subject to the TEFRA D Rules, upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a Permanent Bearer Global Note is exchangeable for Definitive Bearer Notes either (i) upon not less than 30 days' notice or (ii) upon the occurrence of certain Exchange Events, as described in 'Form of the Notes' herein. Any interest in a Bearer Global Note will be transferable only in accordance with the rules and procedures for the time being of either Euroclear and/or Clearstream, Luxembourg as appropriate.

Registered Notes

The Registered Notes of each Tranche offered and sold in 'offshore transactions' within the meaning of Regulation S will be sold to non-U.S. persons outside the United States and will initially be represented by a global note in registered form (a 'Regulation S Global Note'). The Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be

offered and sold in private transactions to QIBs and will initially be represented by a global note in registered form (a 'Rule 144A Global Note' and, together with a Regulation S Global Note, the 'Registered Global Notes' and together with Bearer Global Notes, 'Global Notes').

Registered Global Notes will (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ('DTC') and/or (ii) be deposited with a common depositary or common safekeeper, as the case may be for Euroclear and/or Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper as specified in the applicable Final Terms.

The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see 'Plan of Distribution' and 'Transfer Restrictions'). In addition, no beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

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 indicated in the applicable Final Terms).

Floating Rate Notes ..... 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 or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation as indicated in the applicable Final Terms. The Margin, if any, will be specified in the applicable Final Terms.

FX Linked Notes ..... Payments in respect of interest on FX Linked Interest Notes or in respect of principal on FX Linked Redemption Notes will be calculated based on the formula's specified in Condition 5.2(c) and/or Condition 7.8, respectively by reference to such exchange rate as may be specified in the applicable Final Terms.

Inflation Linked Notes..... Payments in respect of interest on Inflation Linked Notes will be calculated by reference to such inflation index as may be specified in the applicable Final Terms.

CMS Linked Notes.....	Payments in respect of interest on CMS Linked Notes will be calculated by reference to the difference between two separate notional constant maturity swaps, which are weighted in accordance with Multipliers as specified in the applicable Final Terms in relation to which a further Margin (if any) will be specified in the applicable Final Terms.
Other provisions in relation to Floating Rate Notes, FX Linked Interest Notes, CMS Linked Notes and Inflation Linked Notes	Floating Rate Notes, FX Linked Interest Notes, CMS Linked Notes or Inflation Linked Notes may also have a maximum interest rate, a minimum interest rate or both.
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.
Zero Coupon Notes.....	Zero Coupon Notes will be offered and sold at a discount to their principal amount or at par and will not bear interest.
Early Redemption.....	The applicable Final Terms will indicate either (i) that the Notes cannot be redeemed prior to their stated maturity (other than in specified installments (see below), if applicable, or for taxation reasons or following an Event of Default (as defined in Condition 10)), (ii) that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 5 nor more than 30 Business Days irrevocable notice (as indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices as are indicated in the applicable Final Terms, or (iii) that such Notes will be automatically redeemed by the Issuer upon the occurance of a certain event.
Installment Notes.....	The applicable Final Terms may provide that Notes may be repayable in two or more installments in such amounts and on such dates as indicated therein.
Denomination of Notes.....	Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each Note will be €100,000 (or its equivalent in another 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 to certain exceptions as provided in Condition 8. If the applicable Final Terms

provide that payments are to be made subject to withholding of applicable Dutch taxes (if any), it will also specify that Condition 7.2 will not apply to the Notes.

Negative Pledge ..... See Condition 3.

Cross Default ..... None.

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

Rating ..... The Program has been rated AAA (in respect of Notes with a maturity of more than one year) and A-1+ (in respect of Notes with a maturity of one year or less) by Standard & Poor's Credit Market Services Europe Limited ('Standard & Poor's') and has been rated P-1 (in respect of short-term Notes) and Aaa (in respect of senior unsecured medium-term Notes) by Moody's Investors Service Limited ('Moody's'). A long-term obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is considered to be extremely strong.

A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is considered to be strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is considered to be extremely strong.[1] Moody's long-term ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Obligations rated 'Aaa' are judged to be of the highest quality and subject to the lowest level of risk. Moody's short-term ratings are opinions on the ability of issuers to honor short-term financial obligations. Issuers (or supporting institutions) rated 'Prime-1' have a superior ability to repay short-term debt obligations.[2]

Tranches or Series of Notes issued under the Program

[1] http://www.standardandpoors.com/ratings/articles/en/us/?articleType=HTML&assetID=1245345872839.

[2] http://www.moodys.com/research/Moodys-Rating-Symbols-Definitions--PBC_79004.

may be rated or unrated. Where a Tranche or Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Program. 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 Base Prospectus, each of Standard & Poor's and 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 Tranches of Notes to be issued under the Program may be specified in the applicable Final Terms. Whether or not each 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.

Listing ..... The Program provides that Notes issued under the Program may be admitted to listing, trading and/or quotation on Euronext Amsterdam, the Luxembourg Stock Exchange, Euronext Paris, Eurex Deutschland and the London Stock Exchange. The AFM has been requested by the Issuer to provide the CSSF, the AMF, the BaFin and the FCA with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive and the Prospectus Regulation. Unlisted Notes may also be issued. The applicable Final Terms will state whether or not the Notes are to be listed and, if so, on which market.

Governing Law ..... The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, the laws of the Netherlands.

Terms and Conditions ..... The Terms and Conditions applicable to each Series will be as agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Series, and will be specified in the applicable Final Terms. A form of the Final Terms is set out below (see 'Form of Final Terms').

Selling Restrictions ..... There are selling restrictions in relation to the European Economic Area, France, the Netherlands, the United Kingdom, Japan and the United States as may be required in connection with the offering and sale of a particular Tranche of Notes. (see 'Plan of Distribution' below).

Transfer Restrictions..... Regulation S Category 2; Rule 144A; and TEFRA D/TEFRA C/TEFRA not applicable, as specified in the

	applicable Final Terms (see 'Transfer Restrictions' below).
Regulatory Matters.....	Each issue of 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 'Plan of Distribution' and 'Transfer Restrictions' below).

IMPORTANT NOTICES

The Issuer has confirmed that this Base Prospectus contains all information regarding the Issuer and (subject to being completed by any Final Terms as referred to below) the Notes issued under the Program which is (in the context of the Program and the issue of the Notes) material, and such information is true and accurate in all respects and is not misleading. The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained in this Base Prospectus has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from the information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly.

Notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Series (as defined under 'Terms and Conditions of the Notes') of Notes will be set forth in the Final Terms which will be delivered to the applicable regulatory authorities and with respect to listed Notes will be delivered to the relevant stock exchange on or before the relevant Issue Date of the Notes of such Series.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see 'Documents Incorporated by Reference' below) and shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus. In addition, this Base Prospectus should, in relation to any Series (as defined in the applicable Final Terms and the Terms and Conditions of the Notes) of Notes, be read and construed together with the applicable Final Terms.

In the context of an offer to the public as defined in the Prospectus Directive, and subject as provided in the applicable Final Terms, the only persons authorized to use this Base Prospectus in connection with an offer or listing of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries as the case may be.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

The Program provides that Notes issued under the Program may be admitted to listing, trading and/or quotation on Euronext Amsterdam, the Luxembourg Stock Exchange, Euronext Paris, Eurex Deutschland and the London Stock Exchange. The Issuer may also issue unlisted Notes.

The Issuer will give undertakings in connection with the listing of the Notes on the regulated market of the Luxembourg Stock Exchange, Euronext Amsterdam, Euronext Paris, Eurex Deutschland and the London Stock Exchange to the effect that, so long as any Note remains outstanding and listed on the regulated market of the Luxembourg Stock Exchange, Euronext Amsterdam, Euronext Paris, Eurex Deutschland or the London Stock Exchange in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Base Prospectus or if a significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus arises or is noticed, the Issuer will prepare a supplement to this Base Prospectus or publish a new base prospectus. If the terms of this Program are modified or amended in a manner which would make this Base Prospectus, as supplemented, inaccurate or misleading, a new base prospectus or a supplement to the Base Prospectus will be prepared.

This Base Prospectus and any supplement will only be valid for listing Notes on Euronext Amsterdam, the Luxembourg Stock Exchange, Euronext Paris, Eurex Deutschland and the London Stock Exchange in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under the Program, does not exceed €60,000,000,000 or its equivalent in other currencies. For the purpose of calculating the aggregate amount of Notes issued under the Program from time to time:

(i) the Euro equivalent of Notes denominated in another Specified Currency shall be determined, at the discretion of the Issuer, as of the date of agreement to issue such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in Amsterdam, in each case on the basis of the spot rate for the sale of the Euro against the purchase of such Specified Currency in the Amsterdam foreign exchange market quoted by any leading bank selected by the Issuer on such date;

(ii) the amount (or, where applicable, the Euro equivalent) of Dual Currency Notes, FX Linked Notes, Inflation Linked Notes, CMS Linked Notes and Partly Paid Notes (each as defined under 'Terms and Conditions of the Notes') shall be calculated (in the case of Notes not denominated in Euro, in the manner specified above) by reference to the original principal amount of such Notes (in the case of Partly Paid Notes, regardless of the subscription price paid); and

(iii) the amount (or, where applicable, the Euro equivalent) of Zero Coupon Notes (as defined under 'Terms and Conditions of the Notes') and other Notes issued at a discount or premium shall be calculated (in the case of Notes not denominated in Euro, in the manner specified above) by reference to the net proceeds received by the Issuer for the relevant issue.

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Base Prospectus or any Final Terms or as approved in writing for such purpose by the Issuer and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Program should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Program should purchase any Notes. Accordingly, no representation, warranty or undertaking, express or implied, is made by the Dealers, in their capacity as such. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Program constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus or any Final Terms and the offering, sale or delivery of any Notes shall not in any circumstances create any implication that there has been no adverse change in the financial situation of the Issuer since the date hereof or, as the case may be, the date upon which the Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Program is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Program. Investors should review, *inter alia*, the Financial Information (as defined in the Section 'Presentation of Financial and Other Information – Presentation of Financial Information' in this Base Prospectus) and the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and any Final Terms and the offer, sale and delivery of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other

requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including France, the Netherlands and the United Kingdom) and Japan, see 'Plan of Distribution' and 'Transfer Restrictions' below.

In particular, the Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable United States state securities laws, or pursuant to an effective registration statement. Bearer Notes are subject to United States tax law requirements. Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to United States persons, as defined in the Code, and the U.S. Treasury Regulations thereunder.

The Notes may be offered and sold (i) in bearer form or registered form outside the United States to non-U.S. persons in reliance on Regulation S and (ii) in registered form within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes, see 'Plan of Distribution' and 'Transfer Restrictions'.

The Program and the Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the 'SEC'), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy of this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a 'Relevant Member State') will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so:

(i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or

(ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms and the Issuer has consented in writing to its use for the purpose of such offer.

To the extent sub-paragraph (i) or (ii) apply, all offers remain subject to restrictions set out in the Section 'Plan of Distribution'. Except to the extent sub-paragraph (ii) above may apply, 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. The expression 'Prospectus

Directive' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression '2010 PD Amending Directive' means Directive 2010/73/EU.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilize, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations stabilizing activities may only be carried on by the Stabilizing Manager(s) named in the applicable Final Terms (or persons acting on behalf of any Stabilizing Manager(s)) and only for a limited period following the Issue Date of the relevant Tranche of Notes.

However, there is no assurance that the Stabilizing Manager(s) (or persons acting on behalf of a Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted in accordance with all applicable laws and regulations. Any stabilization activity in connection with the Notes listed or to be listed on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V., will be conducted (on behalf of the Stabilizing Manager) by a member of Euronext Amsterdam. Any loss or profit sustained as a consequence of any such over-allotment or stabilizing shall, as against the Issuer, be for the account of the Stabilizing Manager.

All references in this document to 'US Dollars', 'United States dollars', 'U.S. $' and '$' refer to the currency of the United States of America, those to 'Japanese Yen', 'Yen' and '¥' refer to the currency of Japan, those to 'Swiss Francs' and 'CHF' refer to the currency of Switzerland, those to 'Sterling' and '£' refer to the currency of the United Kingdom and those to '€' and 'Euro' refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. All references to the Netherlands are limited to the part of the Kingdom of the Netherlands that is situated in Europe.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are 'restricted securities' within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the 'Exchange Act'), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish to each holder of such Notes in connection with any resale thereof and to any prospective purchaser of such Notes from such holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 ('RSA 421-B') WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE

STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a limited liability company (*naamloze vennootschap*) organized under the laws of the Netherlands. All of the officers and directors named herein reside outside of the United States and all or a substantial portion of the assets of the Issuer and its officers and directors are located outside the United States. As a result, prospective investors may have difficulties effecting service of process in the United States upon the Issuer or such persons in connection with any lawsuits related to the Notes, including actions arising under the federal securities laws of the United States. In addition, investors may have difficulties in enforcing in original actions brought in courts in jurisdictions outside the United States, liabilities predicated upon U.S. securities laws.

In the absence of an enforcement treaty between the Netherlands and the United States, a judgment of a United States court cannot be enforced in the Netherlands. In order to obtain a judgment that can be enforced in the Netherlands against the Issuer, the dispute will have to be re-litigated before the competent Netherlands court. This court will have discretion to attach such weight to a United States judgment as it deems appropriate. According to current practice, based on case law, the Netherlands courts will in all probability recognize, give 'res judicata' effect to and render in accordance with a judgment of a United States court provided such judgment meets the following requirements: (i) the relevant United States court has jurisdiction, (ii) proper service of process has been given, (iii) the proceedings before the relevant United States court have complied with principles of proper procedure (*behoorlijke rechtspleging*), (iv) such judgment is not contrary to the public policy of the Netherlands and (v) such judgment is final and not open to appeal.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The Issuer's financial information included in this Base Prospectus consists of the following:

- The audited financial information of the Issuer prepared in accordance with Dutch GAAP as at and for the financial years ended 31 December 2010, 2011 and 2012; and
- Selected financial information of the Issuer as at and for the financial years ended 31 December 2008 through 2010 derived from the financial statements of the Issuer prepared in accordance with IFRS-EU.

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from the Financial Information.

The Issuer's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the twelve month period ended on 31 December of such year.

In order to better reflect NWB Bank's position as a public-sector bank, in 2011 it decided to prepare its financial statements on the basis of generally accepted accounting principles in the Netherlands prepared on the basis of Dutch GAAP, which includes the DAS as issued by the DASB, with effect from 1 January 2011. NWB Bank elected to make this change because IFRS-EU did not provide for the possibility to cease applying the fair value option on a retrospective basis. As NWB Bank has no subsidiaries and/or group companies, no consolidated financial statements are prepared by NWB Bank. As a result, NWB Bank is not required by law or regulation to apply IFRS-EU and as such it is allowed to prepare its financial statements in accordance with Dutch GAAP.

The conversion to Dutch GAAP meant a change in accounting policies. For the purposes of providing the financial information for the year ended 31 December 2010 the Issuer adjusted the opening balance of each affected component of equity as per 1 January 2010 and the other comparative amounts disclosed as if the new accounting policy had always been applied.

Dutch GAAP has several specific choices in respect of the measurement and recognition of gains and losses on financial instruments. The measurement and recognition choices depend on the category in which the financial instrument is classified. Under Dutch GAAP the Issuer measures its loans (granted and funded) at amortized cost and continues to measure its derivatives at fair value and subsequently applies fair value hedge accounting. Thus applying fair value hedge accounting under Dutch GAAP is similar to under IFRS-EU.

The differences between applying Dutch GAAP and IFRS-EU (if IFRS-EU was applied without the fair value option, but including the application of hedge accounting from 2005) are minimal. As a general policy, the Issuer applies the options under Dutch GAAP to enable maximum convergence with IFRS-EU. The Issuer believes that adoption of Dutch GAAP provides it with a better and fairer alternative compared to accounting under IFRS-EU and will appropriately reflect a true and fair view of its financial position and results in its financial statements.

Different accounting principles: Dutch GAAP and IFRS-EU

As a result of preparing the Financial Information in accordance with Dutch GAAP, such financial information is prepared on a basis of accounting principles different from the Issuer's previously prepared financial statements as at and for the years ended 31 December 2008, 2009 and 2010 which were prepared in accordance with IFRS-EU. Dutch GAAP is a set of accounting principles that are materially different from IFRS-EU. As a result, the Dutch GAAP financial data as at and for the years ended 31 December 2010, 2011 and 2012 which were prepared in accordance with Dutch GAAP are not comparable to the financial information as at and for the years ended 31 December 2008, 2009 and 2010 prepared in accordance with IFRS-EU and the selected financial information derived therefrom included herein. You are cautioned therefore not to compare the financial data included herein that are prepared on the basis of different accounting principles.

Principal differences between Dutch GAAP and IFRS-EU which impact NWB Bank's financial statements

Under Dutch GAAP, loans and receivables, as well as debt securities, are carried at amortized cost and fair value hedge accounting is applied. Under IFRS-EU, a large portion of NWB Bank's loans had been designated and stated at fair value through profit or loss. The result of the conversion to Dutch GAAP is that (cumulative) changes in market value, including changes in value caused by interest spreads, which resulted in unrealized gains and losses, are eliminated and a value adjustment is made for hedge accounting purposes.

In addition, under Dutch GAAP the interest-bearing securities portfolio has been reclassified. Accordingly, unlisted interest-bearing securities and interest-bearing securities held to maturity are carried at amortized cost under Dutch GAAP. Listed interest-bearing securities are stated at fair value with value increases recognized in equity. Previously, under IFRS-EU the interest-bearing securities portfolio would have been classified as available for sale, with value changes recognized in equity. In contrast to IFRS-EU, Dutch GAAP does not allow a negative revaluation reserve to be recognized for listed interest-bearing securities. As a result, the amount of any value change or impairment below cost is immediately reflected in profit or loss. Conversely, a subsequent recovery of the fair value of these interest-bearing securities to cost is similarly recognized in profit or loss. Fair value hedge accounting is applied to the interest-bearing securities not held to maturity. See 'Operating and Financial Review – Hedging Policy of NWB Bank'.

Changed presentation of balance sheets and income statements

The adoption of Dutch GAAP has led to changes in the presentation of NWB Bank's balance sheet and income statement from the presentation used under IFRS-EU, given that their presentations are prescribed under Dutch GAAP. The comparative figures as at and for 31 December 2010 have been restated accordingly.

The items *financial assets stated at fair value through profit or loss, available-for-sale financial assets* and *financial liabilities stated at fair value through profit or loss* have been removed from the balance sheet. Where needed, other items have been renamed.

The financial instruments previously reported under *financial assets stated at fair value through profit or loss* have been reclassified, according to their nature, to *loans and receivables*, *interest-bearing securities*, and *prepayments and accrued income*. The financial instruments previously reported under *available-for-sale financial assets* have been reclassified to *interest-bearing securities*, while the financial instruments previously reported under *financial liabilities stated at fair value through profit or loss* have been reclassified, according to their nature, to *banks*, *funds entrusted*, *debt securities*, and *accruals and deferred income*.

The item *changes in fair value portfolio*, as reported under IFRS-EU, has been renamed *results from financial transactions*, in accordance with Dutch GAAP.

Certain Defined Terms and Conventions

Capitalized terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in 'Terms and Conditions of the Notes' or any other section of this Base Prospectus.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus (or any supplement hereto) may be deemed to be forward-looking statements. Forward-looking statements include all statements other than historical statements of fact, including, without limitation, those concerning the Issuer's financial position, plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Prospectus (or any supplement hereto), the words 'anticipates', 'estimates', 'expects', 'believes', 'intends', 'plans', 'aims', 'seeks', 'may', 'will', 'should' and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled 'Risk Factors', 'Operating and Financial Review', 'Nederlandse Waterschapsbank N.V.' and other sections of this Base Prospectus (or any supplement hereto).

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results to be materially different from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following:

- economic and financial market conditions, in particular the Dutch and European economies;
- perceived risks of sovereign defaults in the European Union and associated risks relating to the Euro and the possible exit of certain countries from the Eurozone;
- fluctuations in interest rates;
- liquidity risk and adverse capital and credit market conditions;
- credit and counterparty risk;
- a downgrade in the Dutch State's or the Issuer's credit ratings;
- negative occurrences in the markets in which the Issuer's loan portfolio is concentrated;
- the Issuer's inability to manage risks through derivatives;
- the ineffectiveness of the Issuer's risk management policies and procedures;
- operational risk;
- the occurrence of catastrophic events, terrorist attacks and similar events;
- significant adverse regulatory developments;
- interruption, failure or breach of the Issuer's operational systems, including the Issuer's IT systems and other systems on which it depends; and
- failure to deliver of third parties to which the Issuer has outsourced certain functions.

The Issuer's risks are more specifically described under 'Risk Factors'. The Issuer has based these forward-looking statements on the current view of its management with respect to future events and financial performance, which is based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Although the Issuer believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as of the date of this Base Prospectus (or any supplement hereto), if one or more of the risks or uncertainties materialize, including those identified above or which the Issuer has otherwise identified in this Base Prospectus (or any supplement hereto), or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results,

performance or achievements, or industry results may be materially different from those expressed or implied by these forward-looking statements. Any forward-looking statements contained in this Base Prospectus or any supplement hereto speak only as at the date of this Base Prospectus or such supplement. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus (or any supplement hereto) any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

DOCUMENTS INCORPORATED BY REFERENCE

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

(i) the Articles of Association of NWB Bank (translated into English);

(ii) the financial report including the audited financial information and auditors report as at and for the year ended 31 December 2010 prepared on the basis of Dutch GAAP;

(iii) the audited financial information and auditors report as at and for the years ended 31 December 2011 and 2012 prepared on the basis of Dutch GAAP as included in NWB Bank's annual report for 2011 on pages 57 to and including page 108 and NWB Bank's annual report for 2012 on pages 58 to and including page 108, respectively; and

(iv) to the extent they apply to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes, the Terms and Conditions of the Notes taken from the Base Prospectuses dated 10 June 2002 (page 19 up to and including 35), 10 June 2003 (page 19 up to and including 35), 11 June 2004 (page 20 up to and including 36), 7 July 2005 (page 27 up to and including 42), 6 July 2006 (page 26 up to and including 41), 6 July 2007 (page 38 up to and including 54), 7 July 2008 (page 39 up to and including 56), 19 May 2009 (page 47 up to and including 67), 18 May 2010 (page 49 up to and including 69), 3 May 2011 (page 85 up to and including 112), 7 October 2011 (page 74 up to and including 97) and 10 May 2012 (page 77 up to and including 99).

Any other information which is contained in any document mentioned under points (i) through (iii) above but not specifically stated as being incorporated by reference is either not relevant for investors or covered elsewhere in this Base Prospectus. Any statement contained in this Base Prospectus or in a document incorporated by reference into this Base Prospectus will be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained in any subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Base Prospectus except as modified or superseded. A supplemental base prospectus, if appropriate, will be made available which will describe any subsequent documents incorporated by reference into this Base Prospectus.

NWB Bank will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Written requests for such documents should be directed to NWB Bank at its registered office set out at the end of this Base Prospectus. In addition, such documents will be available from the London office of Citibank N.A., (as set out at the end of this Base Prospectus) in its capacity as Principal Paying Agent and at the offices of Banque Internationale à Luxembourg in its capacity as Non-U.S. Paying Agent (as set out at the end of this Base Prospectus).

The Base Prospectus and the documents incorporated by reference may also be found on the investor relations section of NWB Bank’s website: http://www.nwbbank.com and may be obtained by contacting NWB Bank by telephone (+31 70 416 62 66) or by email: legal@nwbbank.com.

FORM OF THE NOTES

The Notes will either be issued in bearer form ('Bearer Notes'), with or without interest coupons attached, or registered form ('Registered Notes'), without interest coupons attached. Bearer Notes will be offered and sold outside the United States to persons that are not U.S. persons in reliance on Regulation S and Registered Notes will be offered and sold both outside the United States in reliance on Regulation S and within the United States to persons who are QIBs in reliance on Rule 144A. Bearer Notes are subject to U.S. tax law requirements.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will be initially represented by a temporary global Note (a 'Temporary Bearer Global Note') or, if so specified in the applicable Final Terms, a permanent global Note (a 'Permanent Bearer Global Note' and, together with the Temporary Bearer Global Note, the 'Bearer Global Notes'), without receipts, interest coupons or talons, which in either case, will:

(i) if the Bearer Global Notes are intended to be issued in new global note ('NGN') form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date (the 'Issue Date') of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. ('Euroclear') and Clearstream Banking, société anonyme ('Clearstream, Luxembourg'); or

(ii) if the Bearer Global Notes are not intended to be issued in NGN form be delivered on or prior to the original issue date of the Tranche to a common depositary (the 'Common Depositary') for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system.

Notes issued in accordance with the TEFRA D Rules will be initially represented by a Temporary Bearer Global Note.

Whilst any Note issued in accordance with the TEFRA D Rules is represented by a Temporary Bearer Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) have given a like certification (based on the certifications they have received) to the Principal Paying 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 and after the date (the 'Exchange Date') which will be from the 40th day after the date on which the Temporary Bearer Global Note is issued, interests in the Temporary Bearer Global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a Permanent Bearer Global Note without receipts, interest coupons or talons or for Definitive Bearer Notes (as indicated in the applicable Final Terms) in each case, if the Notes are issued in accordance with TEFRA D Rules, against certification of beneficial ownership as described in the preceding paragraph unless such certification has already been given. Bearer Notes will not be delivered in the United States. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date, unless upon due presentation of the Temporary Bearer Global Note for exchange as aforesaid, delivery of a Permanent Bearer Global Note or of Definitive Bearer Notes or Coupons is improperly withheld or refused.

Definitive Bearer Notes will be in the standard euromarket form. Definitive Bearer Notes and Bearer Global Notes will be to bearer.

Payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through the relevant clearing system(s) (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification. A Permanent Bearer Global Note will be exchangeable (free of charge), in whole or, subject to the

Notes which continue to be represented by the Permanent Bearer Global Note being regarded by the relevant clearing system(s) as fungible with the Definitive Bearer Notes issued in partial exchange for such Permanent Bearer Global Note, in part in accordance with the applicable Final Terms, for security printed Definitive Bearer Notes with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made, as specified in the applicable Final Terms either: (i) upon not less than 30 days' written notice to the Principal Paying Agent by Euroclear, Clearstream, Luxembourg and/or another relevant Clearing System (acting on the instructions of any of its participants) as described therein or (ii) only upon the occurrence of an Exchange Event. An 'Exchange Event' means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg, has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (2) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by the Definitive Bearer Note. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in the Bearer Global Note may give notice to the Principal Paying 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 Principal Paying Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date on which the relevant notice is received by the Principal Paying Agent. Bearer Global Notes and Definitive Bearer Notes will be issued pursuant to the Agency Agreement. At the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Bearer Notes in global form as fungible with Bearer Notes in definitive form. In the event that the relevant Permanent Bearer Global Note is not, in the case of (i) or (ii) above, duly exchanged for Definitive Bearer Notes on the thirtieth day after the time at which the preconditions to such exchange are first satisfied then, if permitted by applicable law and the regulations of the relevant clearing system, relevant account holders with Euroclear and Clearstream, Luxembourg and any other agreed clearing system will be able to enforce against the Issuer all rights which they would have had if they had been holding Definitive Bearer Notes to the relevant value at the time of such event. Payments by the Issuer to the relevant account holders will be considered as payments to the relevant Noteholder (as defined in the section 'Terms and Conditions of the Notes') and operate as full and final discharge to the Issuer in this respect.

The following legend will appear on all Bearer Global Notes and Definitive Bearer Notes, receipts and interest coupons (including talons) which are issued in accordance with TEFRA D Rules:

> 'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.'

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer 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 such Notes, receipts or interest coupons.

Bearer Notes will be issued in the denomination or denominations (each of which denominations must be integrally divisible by each smaller denomination) specified in the applicable Final Terms ('Specified Denomination') subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Bearer Notes of any other denomination.

In case of Bearer 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 Bearer Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. So long as such Notes are represented by a Temporary Bearer Global Note or Permanent Bearer Global Note and the relevant clearing system(s) so permit, these Bearer Notes will be tradable only in the minimum Specified Denomination increased with integral multiples of such a smaller amount, notwithstanding that Definitive Bearer Notes shall only be issued in denominations which may be up to twice the minimum Specified Denomination.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a 'Regulation S Global Note'). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through The Depository Trust Company ('DTC'), Euroclear and/or Clearstream, Luxembourg, and such Regulation S Global Note will bear a legend regarding such restrictions on transfer. The Registered Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to QIBs and will be represented by a global note in registered form (a 'Rule 144A Global Note' and, together with a Regulation S Global Note, 'Registered Global Notes').

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC or (ii) be deposited with a common depositary or common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg and registered in the name of a common depository of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Individual Note Certificates. The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.5) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Individual Note Certificate will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.5) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Individual Note Certificates without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, 'Exchange Event' means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no alternative clearing system is available, (iii) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, 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 have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by Individual Note Certificates. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar. Registered Notes will be in such Specified Denomination(s), specified in the applicable Final Terms and which may include a minimum denomination specified in the applicable Final Terms and higher integral multiples of a smaller amount specified in the applicable Final Terms.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC or Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see 'Plan of Distribution' and 'Transfer Restrictions'.

General

Pursuant to the Agency Agreement (as defined in 'Terms and Conditions of the Notes'), the Principal Paying 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 and, where applicable, a CUSIP and CINS number ('identifying number(s)') which are different from the common code, ISIN, CUSIP and CINS 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) applicable to the Notes of such Tranche, and in the case of Bearer Notes issued in accordance with the TEFRA D Rules that are initially represented by a Temporary Bearer Global Note exchangeable for interests in a Permanent Bearer Global Note or Definitive Bearer Notes, such additional Bearer Notes will have a unique identifying number or numbers until such exchange occurs following certification of non-U.S. beneficial ownership, and in the case of Registered Notes, such additional Registered Notes will have a unique identifying number or numbers unless such further Registered Notes are fungible with the previously issued Registered Notes for U.S. federal income tax purposes.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC 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 or as may otherwise be approved by the Issuer and the Principal Paying Agent.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental base prospectus, a new base prospectus or a drawdown prospectus, as appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, or Clearstream, Luxembourg, (together, the 'Clearing Systems') currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a 'banking organization' within the meaning of the New York Banking Law, a 'clearing corporation' within the meaning of the New York Uniform Commercial Code and a 'clearing agency' registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ('Participants') deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants ('Direct Participants') include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ('Indirect Participants').

Under the rules, regulations and procedures creating and affecting DTC and its operations (the 'Rules'), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ('DTC Notes') as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ('Owners') have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ('Beneficial Owner') is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in 'street name', and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for Individual Note Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements upon the entry of such Participants on the register and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under 'Plan of Distribution' and 'Transfer Restrictions'.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their respective customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective principal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any

Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be affected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in US Dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than US Dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into US Dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Global Notes

Transfers of any interests in Notes represented by a Global Bearer Note or a Registered Global Note within Euroclear, Clearstream, Luxembourg and DTC will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under 'Plan of Distribution' and 'Transfer Restrictions', cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ('Custodian') with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC

participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Paying Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

FORM OF FINAL TERMS

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

[*date*]

Nederlandse Waterschapsbank N.V.

(incorporated under the laws of the Netherlands with limited liability and having its corporate seat in The Hague)

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes] under the €60,000,000,000 Debt Issuance Program

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the 'Conditions') set forth in the Base Prospectus dated 28 May 2013 [and the supplemental base prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (the 'Prospectus Directive' which term includes Directive 2010/73/EU (the '2010 PD Amending Directive') to the extent implemented in a relevant member state of the European Economic Area in which the Notes are issued (each, a 'Relevant Member State')). 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 such Base Prospectus [as so supplemented]. 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 Base Prospectus [as so supplemented]. The Base Prospectus [as so supplemented] is available for viewing at the registered office of the Issuer at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. A copy will also be available from the Issuer's website [https://www.nwbbank.com/en/investor-relations/funding-programmes/]. In addition, copies may be obtained from Citibank N.A., 14th floor, Citigroup Centre Canada Square, Canary Wharf, London E14 5LB, United Kingdom [and, only with respect to Tranches of Notes which are solely offered and sold by the Issuer and/or the Dealers in bearer form outside the United States to non-U.S. persons in reliance on Regulation S, from Banque Internationale à Luxembourg, 69, route d'Esch, 2953 Luxembourg, Grand Duchy of Luxembourg].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a prospectus with an earlier date. NB: include correct references to each condition mentioned explicitly by number in the Final Terms to the extent that these number references in the terms and conditions under which the initial tranche was issued differ from number references used in the Conditions set out in full in the Base Prospectus dated 28 May 2013.*]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the 'Conditions') set forth in a prospectus dated [•] [and the supplemental prospectus dated [•]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5(4) of the Directive 2003/71/EC (the 'Prospectus Directive' which term includes Directive 2010/73/EU (the '2010 PD Amending Directive') to the extent implemented in a relevant member state of the European Economic Area in which the Notes are issued (each, a 'Relevant Member State')) and must be read in conjunction with the Base Prospectus dated 28 May 2013 [and the supplemental base prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Terms and Conditions which are extracted from the prospectus dated [•] and any supplements thereto (if applicable) and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, including the attached Conditions, and the Base Prospectus dated 28 May 2013 [and the supplemental base prospectuses dated [•] and [•]]. Copies of such Base Prospectus [and the supplemental base prospectuses dated [•] and [•]] are available for viewing at the registered office of the Issuer at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. A copy will also be available from the Issuer's website [https://www.nwbbank.com/en/investor-relations/funding-programmes/]. In addition, copies may be obtained from Citibank N.A., 14th floor, Citigroup Centre Canada Square, Canary Wharf, London E14 5LB, United Kingdom [and, only with respect to Tranches of Notes which are solely

offered and sold by the Issuer and/or the Dealers in bearer form or registered form outside the United States to non-U.S. persons in reliance on Regulation S, from Banque Internationale à Luxembourg, 69, route d'Esch, 2953 Luxembourg, Grand Duchy of Luxembourg].

[*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 guidance for completing the Final Terms*]

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

[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute category 'B' information as indicated in Annex XX of the Prospectus Regulation and consequently trigger the need for an individual drawdown prospectus.]

[Consider whether a drawdown prospectus is necessary in order to issue fungible Notes where the first Tranche was issued pursuant to a previous 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 (as amended) or pursuant to guidance issued by ESMA.]

1.	Issuer:	Nederlandse Waterschapsbank N.V.
2.	(a) Series Number:	[ ]
	(b) Tranche Number:	[ ] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
3.	Specified Currency or Currencies:	[ ]
4.	Aggregate Principal amount:	
	• Tranche:	[ ]
	• Series:	[including this Tranche]
5.	(a) Issue Price of Tranche:	[ ] per cent. of the Aggregate Principal amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	(b) Net proceeds:	[ ] (*Required only for listed issues*)
6.	(a) Specified Denominations:	[ ] (*Notes may not be issued in denominations less than €100,000 or the equivalent thereof in another currency*).

		(*Please use the following example language:* '€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].') (*The acceptance of deposits is a regulated activity under the UK Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. In order not to constitute deposits, notes issued under the Program with a maturity of less than one year must have a denomination of £100,000 (or equivalent).)*
	(b) 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.	(a) Issue Date:	[ ] (*In the case of FX Linked Notes, Inflation Linked Notes and CMS Linked Notes include date of resolutions/authorizations/approval for issuance of Notes obtained*)
	(b) Interest Commencement Date:	[ ]
8.	Maturity Date:	[*Fixed rate – specify date/Floating rate /FX Linked/CMS Linked/Inflation Linked– Interest Payment Date falling in [specify month and year*]]
9.	Interest Basis:	[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR/other]+/-[ ] per cent. [Floating Rate] [Zero Coupon] [FX Linked Interest] [CMS Linked] [Inflation Linked] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [FX Linked Redemption] [Dual Currency] [Partly Paid]

		[Installment] (further particulars specified below)
11.	Change of Interest Basis:	[Applicable/Not Applicable] The Interest Basis shall change from [Floating Rate Zero Coupon/Non-interest bearing] to [[Floating Rate/Zero Coupon/Non-interest bearing] following the exercise of a Change of Interest Basis Option] (further particulars specified below)
12.	Investor Put/Issuer Call Options:	[Investor Put Option/Issuer Call Option/Not Applicable] (further particulars specified below)
13.	Automatic Early Redemption:	[Applicable/Not Applicable] (further particulars specified below)
14.	Dual Currency Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Principal payable in other currency than Specified Currency:	[Applicable/Not Applicable (*if applicable include currencies in which principal is payable*)]
	(b) Interest payable in other currency than Specified Currency:	[Applicable/Not Applicable (*if applicable include currencies in which interest is payable*)]
	(c) Rate of Exchange:	[*Provide exchange rate*]
15.	Status of the Notes:	Senior
16.	(a) Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to [listing and] trading on [Euronext Amsterdam/the Luxembourg Stock Exchange/Euronext Paris/Eurex Deutschland/the London Stock Exchange] with effect from [ ].]/[Not Applicable] [where documenting a fungible issue, please indicate that original Notes are already admitted to trading]
	(b) Estimate of total expenses related to admission to trading:	[ ]
17.	Offer solely outside the United States in reliance on Regulation S:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraph*)

		[The Notes will be in bearer form and in substantially the form set forth in schedule 3 to the agency agreement entered into between the Issuer and the Non-U.S. Paying Agent dated 28 May 2013.]
18.	Method of distribution:	[Syndicated/Non-syndicated]
19.	Name, address and contact details of Calculation Agent if not the Issuer:	[Not Applicable/name, address and contact details]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

20.	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Fixed Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/in arrear]
	(b) Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date] (*NB: This will need to be amended in the case of long or short coupons*)
	(c) Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount
	(d) Broken Amount(s):	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/ [Not Applicable]
	(e) Day Count Fraction:	[30/360 or Actual/Actual (ICMA)/Actual/365 (fixed)]
	(f) Interest Determination Date(s):	[ ] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon* *NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration* *NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)*]
21.	Floating Rate Note Provisions:	[Applicable/Not Applicable]

	(*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a) Specified Period(s):	[ ]
(b) Specified Interest Payment Dates:	[ ]
(c) Business Day Convention:	
- Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted/Unadjusted]
(d) Additional Business Centre(s):	[ ]
(e) Manner in which the Rate of Interest is to be determined:	[Screen Rate Determination/ ISDA Determination]
(f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[Applicable/Not Applicable] [(*Give name and address)*]
(g) Screen Rate Determination:	[Applicable/Not Applicable]
• 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 second day on which the TARGET2 system is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)*
• Relevant Screen Page:	[ ] (*subject to the fall-back provisions set out in Condition 5.2.*) (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate*)
(h) ISDA Determination:	[Applicable/Not Applicable]
• EURIBOR Rate:	[Applicable/Not Applicable] (*subject to the fall-back provisions set out in Condition 5.2*)
• LIBOR Rate:	[Applicable/Not Applicable] (*subject to the fall-back provisions set out in Condition 5.2*)

	• Designated Maturity:	[ ]
	• Designated Reference:	[ ]
	• Interest Determination Date(s):	[ ]
	(i) Margin:	[+/-] [ ] per cent. per annum
	(j) Minimum Rate of Interest:	[ ] per cent. per annum *(NB: if terms and conditions applicable to the notes are not the terms and conditions set out fully in the Base Prospectus dated 28 May 2013, the minimum rate of interest must be specified in the Final Terms (this specification can also include '0 per cent. per annum').*
	(k) Maximum Rate of Interest:	[ ] per cent. per annum
	(l) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)]
22.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Accrual Yield:	[ ] per cent. per annum
	(b) Reference Price:	[ ]
	(c) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7.5 and 7.12 apply] [Actual/Actual (ISDA)]

		[Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [*Consider applicable day count fraction if not US Dollar denominated*]
23.	FX Linked Interest Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Calculation Agent responsible for calculating the interest due:	[*Give name and address*]
	(b) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[*Give name and address)*]
	(c) Specified Period(s):	[ ]
	(d) Specified Interest Payment Dates:	[ ]
	(e) Interest Determination Date(s):	[ ]
	(f) Business Day Convention:	
	- Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted/Unadjusted]
	(g) Additional Business Centre(s):	[ ]
	(h) Multiplier1:	[ ]
	(i) Base Currency:	[ ]
	(j) Specified Currency:	[ ]
	(k) Relevant FX Screen Page:	[ ] (*subject to the fall-back provisions set out in Condition 5.2.*)

	(l) Relevant Time:	[ ]
	(m) Margin1:	[ ]
	(n) FX Level1:	[ ]
	(o) Minimum Rate/Amount of Interest:	[ ] per cent. per annum *(NB: if terms and conditions applicable to the notes are not the terms and conditions set out fully in the Base Prospectus dated 28 May 2013, the minimum rate of interest must be specified in the Final Terms (this specification can also include '0 per cent. per annum').*
	(p) Maximum Rate/Amount of Interest:	[ ] per cent. per annum
	(q) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)]
24.	Inflation Linked Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Inflation Index:	[CPI Monthly Reference Index/HICP Index] (*subject to the fall-back provisions set out in Condition 5.2.*)
	(b) Index Sponsor:	[ ]
	(c) Calculation Agent responsible for calculating the interest due:	[(*Give name and address)*]
	(d) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[(*Give name and address)*]
	(e) Specified Interest Payment Dates:	[ ]

	(f) Specified Period(s):	[ ]
	(g) Interest Determination Date(s):	[ ]
	(h) Business Day Convention:	
	- Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted/Unadjusted]
	(i) Additional Business Centre(s):	[ ]
	(j) Margin3	[ ]
	(k) Revisions permitted	[Revision/No Revision]
	(l) Minimum Rate/Amount of Interest:	[ ] per cent. per annum *(NB: if terms and conditions applicable to the notes are not the terms and conditions set out fully in the Base Prospectus dated 28 May 2013, the minimum rate of interest must be specified in the Final Terms (this specification can also include '0 per cent. per annum').*
	(m) Maximum Rate/Amount of Interest:	[ ] per cent. per annum
	(n) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)]
25.	CMS Linked Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Calculation Agent responsible for calculating the interest due:	[*Give name and address)*]

(b) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent):	[*Give name and address)*]
(c) Specified Interest Payment Dates:	[ ]
(d) Specified Period:	[ ]
(e) Interest Determination Date(s):	[ ]
(f) Business Day Convention:	
- Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted/Unadjusted]
(g) Additional Business Centre(s):	[ ]
(h) Multiplier2:	[ ]
(i) Multiplier3:	[ ]
(j) Multiplier4:	[ ]
(k) CMS Rate1:	[ ] (*subject to the fall-back provisions set out in Condition 5.2.*)
• Designated Maturity1:	[ ]
• Designated Reference:	[Swiss Franc/EURLibor/Sterling/Japanese Yen/US Dollar/Not Applicable]
(l) CMS Rate2:	[ ] (*subject to the fallback provisions set out in Condition 5.2.*)
• Designated Maturity2:	[ ]
• Designated Reference:	[Swiss Franc/EURLibor/Sterling/Japanese Yen/US Dollar/Not Applicable]
(m) Margin2:	[ ]
(n) Minimum Rate/Amount of Interest:	[ ] per cent. per annum
(o) Maximum Rate/Amount of Interest:	[ ] per cent. per annum
(p) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)]

		[Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)]
26.	Change of Interest Basis Option:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Interest Basis Option Period:	[…] Business Days
	(b) Change of Interest Basis Option Date:	[…]/Each Interest Payment Date
	(c) Initial Interest Basis:	[[…] per cent. Fixed Rate] [Floating Rate] [LIBOR/EURIBOR] +/- […] per cent. [Zero Coupon] [Non-interest bearing]
	(d) Subsequent Interest Basis:	[[…] per cent. Fixed Rate] [Floating Rate] [LIBOR/EURIBOR] +/- […] per cent. [Zero Coupon] [Non-interest bearing]

PROVISIONS RELATING TO REDEMPTION

27.	Issuer Call Option:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount(s) of each Note:	[ ] [per Calculation Amount]
	(c) If redeemable in part:	
	(i) Minimum Redemption Amount:	[ ]
	(ii) Maximum Redemption Amount:	[ ]

	(d) Notice Period:	[ ]
28.	Investor Put Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount(s) of each Note:	[ ] [per Calculation Amount]
	(c) Notice Period:	[ ]
29.	Early Redemption:	[Applicable/Not Applicable]
	(a) Early Redemption Amount(s) payable on redemption:	[[…]/[paid up] nominal amount] of the Note on the date of redemption [adjusted for Early Redemption Unwind Costs] [together with accrued interest][Final Redemption Amount]
	(b) Redemption for tax reasons permitted on days other than Interest Payment Dates:	[Applicable/Not Applicable]
	(c) Unmatured Coupons to become void upon early redemption:	[Applicable/Not Applicable]
	(d) Early Redemption Unwind Costs:	[Not Applicable/Applicable[specify amount/Standard Early Redemption Unwind Costs]
30.	Whether Condition 8(a) of the Notes applies (in which case Condition 7.2 (Redemption for tax reasons) of the Notes will not apply) or whether Condition 8(b) of the Notes applies:	[Condition 8(a) applies and Condition 7.2 does not apply] [Condition 8(b) applies] [and] [Condition 7.2 applies.]
31.	Final Redemption Amount:	[[ ] per Calculation Amount] (*In connection with FX Linked Redemption Notes only* [the Final FX Linked Redemption Amount as calculated in accordance with Condition 7.8.])
32.	FX Linked Redemption Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Relevant FX Screen Page:	[ ]
	(b) Relevant Time:	[ ]
	(c) Final Redemption Determination Date:	[ ]
	(d) Base Currency:	[ ]
	(e) FX Level2:	[ ]

	(f) Specified Payment Date:	[ ]
33.	Automatic Early Redemption Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a) Automatic Early Redemption:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(b) Automatic Early Redemption Amount:	[ ] [Calculation Amount]
	(d) Automatic Early Redemption Event:	When the Automatic Early Redemption Observation Level is [‘greater than’/ ‘greater than or equal to’/ ‘less than’/ ‘less than or equal to’] the Automatic Early Redemption Trigger Level.
	(e) Automatic Early Redemption Observation Level:	[Specify relevant exchange rate/ Specify relevant FX Screen Page, Base Currency and Relevant Time] [Aggregate Interest Amount]
	(f) Automatic Early Redemption Observation Period:	[ ]
	(g) Automatic Early Redemption Trigger Level:	[Specify relevant exchange rate/ Specify relevant FX Screen Page, Base Currency and Relevant Time] [Specify Target Redemption Amount]
	(h) Interest Determination Date(s):	[ ]
	(i) Notice Period:	[ ]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

34.	Form of Notes:	
	(a) Form:	[Bearer Notes] [Temporary Bearer Global Note exchangeable from 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership if Bearer Notes issued pursuant to the TEFRA D Rules, for interests in a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes upon not less than 30 days’ notice given by the holder at any time/only upon the occurrence of an Exchange Event] [Temporary Bearer Global Note exchangeable from 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership if Bearer Notes issued pursuant to the TEFRA D Rules, for Definitive Bearer Notes]

		[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes upon not less than 30 days' notice given by the holder at any time/only upon the occurrence of an Exchange Event][3] *(Ensure that this is consistent with the wording in the 'Form of the Notes' section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: '[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].' Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Bearer Notes.))* [Registered Notes] [Regulation S Global Note (U.S. $[ ] principal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and Clearstream, Luxembourg.]] [Rule 144A Global Note (U.S. $[ ] principal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg /a common safekeeper for Euroclear and Clearstream, Luxembourg.]]
	(b) New Global Note:	[Applicable/Not Applicable]
	(c) New Safekeeping Structure:	[Applicable; but only as to Regulation S Global Note/Not Applicable]
	(d) Form of Definitive Bearer Notes:	[Standard Euromarket]
35.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Applicable [*specify relevant Additional Financial Centre(s)*] /Not Applicable] (*Note that this item relates to the place of payment, and not Interest Period end dates*)
36.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Applicable/Not Applicable] (*If applicable yes give dates*)

[3] May not be used where TEFRA D Rules apply.

37.	Details relating to Partly Paid Notes:	[Applicable/Not Applicable] *(NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*) *(NB: if terms and conditions applicable to the notes are not the 2013 Terms and Conditions Partly Paid Notes cannot be issued) (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Part Payment Amount(s):	[ ]
	(ii) Part Payment Date(s):	[ ]
38.	Details relating to Installment Notes:	[Applicable/Not Applicable]
	(i) Installment Amount(s):	[Not Applicable/*give amounts*]
	(ii) Installment Date(s):	[Not Applicable/*give dates*]
39.	Redenomination:	[Applicable/Not Applicable] *(NB: Redenomination cannot be applicable to Dual Currency Notes, FX Linked Notes, Inflation Linked Notes or CMS Linked Notes or if terms and conditions applicable to the Notes are not the terms and conditions set out fully in the Base Prospectus dated 28 May 2013.)*
	(a) Day Count Fraction applicable to Redenomination calculation:	[Actual/Actual (ICMA)] [Actual/365] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [360/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual (ISDA)] [Actual/Actual]
	(b) Reference Rate of the Note may be redenominated to:	[LIBOR/ EURIBOR]

40.	Whether Condition 8(a) of the Notes applies (in which case Condition 7.2 of the Notes will not apply) or whether Condition 8(b) and Condition 7.2 of the Notes apply:	[Condition 8(a) applies and Condition 7.2 does not apply] [Condition 8(b) and Condition 7.2 apply]

DISTRIBUTION

41.	(a) If syndicated, names of Managers:	[Not Applicable/ Applicable] (*If applicable give names, addresses and underwriting commitments, an indication of the material features of the agreements, including the quotas.*) (*Where not all of the issue is underwritten, a statement of the portion not covered.*) (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a 'best efforts' basis.*)
	(b) Date of Subscription Agreement:	[Not Applicable/ Applicable] (*applicable if item 41(a) is applicable*).
	(c) Stabilizing Manager(s) (if any):	[Not Applicable/Applicable] (*if applicable give name and a description of the main terms of Stabilization Agreement with respect to stabilization of FX Linked Notes, Inflation Linked Notes, CMS Linked Notes or notes to which Automatic Early Redemption provisions are applicable and where the trigger level is an exchange rate*)[4]
42.	If non-syndicated, name of Dealer:	[Not Applicable/Applicable] (*if applicable give name and address*)
43.	Names of Financial Intermediaries:	[Not Applicable/Applicable] (*if applicable give name and address*)
44.	Eligibility:	[Rule 144A only/Reg. S only/Rule 144A and Reg. S]
45.	U.S. Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable[5]]

[4] Any stabilization activity in connection with the Notes listed or to be listed on Euronext Amsterdam will be conducted (on behalf of the Stabilizing Manager) by a member of Euronext Amsterdam.

[5] 'TEFRA not applicable' may only be used for Registered Notes or for Bearer Notes with a term of one year or less (including unilateral rights to roll over or extend).

OPERATIONAL INFORMATION

46.	Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V./ and Clearstream Banking, société anonyme and the relevant Identification numbers:	[Not Applicable/Applicable] (*if applicable give name(s), addresses and relevant identification numbers number(s)*)
47.	Delivery:	Delivery [against/free of] payment
48.	Paying Agent(s):	[Principal Paying Agent/Non-U.S. Paying Agent] *(The option Non-U.S. Paying Agent will only apply if the Tranche of Notes in bearer form is solely offered outside the United States in reliance on Regulation S please see item 17).*
49.	Offer Period:	*(only applicable to FX Linked Notes, Inflation Linked Notes, CMS Linked Notes and notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate)* [The aggregate principal amount of the Notes to be issued and allotted will be announced by the Issuer at [ ] hours ([ ] time) on [ ] or such earlier or later date or time as the Issuer may determine and will be announced in [ ].] [The Issuer reserves the right to withdraw the offer of the Notes until [ ] at the latest. Such withdrawal will be announced in the aforementioned publication(s)] [The Issuer reserves the right to increase or reduce the aggregate principal amount of the Notes to be issued. Such increase or reduction will be announced in the aforementioned publication(s)] [[No]/[D/d]ealing in the Notes will be possible before the aggregate principal amount of the Notes is announced as set out above.] [Not Applicable]
50.	Reduction of subscriptions:	*(only applicable to FX Linked Notes, Inflation Linked Notes, CMS Linked Notes and notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate)* [[Not Applicable, the terms of the offer do not provide for any reductions of subscriptions] [Give details]]

51.	Maximum and minimum subscription amount:	*(only applicable to FX Linked Notes, Inflation Linked Notes, CMS Linked Notes and notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate)* [[ ] and [ ]]. (*Give details in aggregate investment amount or number of securities*) [Not Applicable]
52.	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes/No] [Note that the designation 'yes' simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories ('ICSDs') as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the new safekeeping structure as designated by the European Central Bank, and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.] [include this text if 'yes' selected in which case Bearer Notes must be issued in NGN form]
53.	For the purpose of Condition 14, notices to be published in the Financial Times:	[Yes/No]
	ISIN:	[ ]
	CUSIP:	[ ]
	CINS:	[ ]
	Common Code:	[ ]
	Any other relevant code:	[ ]
54.	Ratings:	The Notes to be issued have been rated: [S& P: [ ]] [Moody's: [ ]] [[Other]: [*Insert the full legal name of credit rating agency*]] [*include below as appropriate*]

[[*Insert the full legal name of credit rating agency*] is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended. As such, [*insert the full legal name of credit rating agency*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

[[*Insert the full legal name of credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, as amended, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[*Insert the full legal name of non-EU credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended). The ratings [[have been]/[are expected to be]] endorsed by [*insert the full legal name of EU-registered credit rating agency*] in accordance with the CRA Regulation.]]

[[*Insert the full legal name of credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation]/[although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the full legal name of credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]]

		[[*Insert the full legal name of non-EU credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended). However, the application for registration under the CRA Regulation of [*insert the full legal name of EU credit rating agency that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the full legal name of non-EU credit rating agency*][, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the full legal name of EU credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] [Need to include a brief explanation of the meaning of the ratings if this deviates from the explanations given in the section 'Overview' and has previously been published by the rating provider.] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.*) A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
55.	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*)]
56.	Reasons for the offer, estimated net proceeds and total expenses:	
	(a) Reasons for the offer:	[ ] (*See [‘Use of Proceeds’] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.*)]
	(b) Estimated net proceeds:	[ ] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)
	(c) Estimated total expenses:	[ ][Include breakdown of expenses]

		(N.B.: Delete unless the Notes are FX Linked Notes, Inflation Linked Notes, CMS Linked Notes or notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate, in which case (a) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (a), disclosure of net proceeds and total expense and breakdown of expenses and tax charged to Noteholders is also required at (b) and (c) are also required.)]
57.	Indication of yield (*Fixed Rate Notes only*)	[ ] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
58.	Historic Interest Rates (*Floating Rate Notes and CMS Linked Notes only*)	Details of historic and future [LIBOR/EURIBOR/CMS] rates can be obtained from [*indicate the relevant Reuters ISDAFIX1 page*] (*Need to include details of where past and future performance and volatility of the relevant rates can be obtained if not clear from the relevant Reuters ISDAFIX1 page*)

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]

59. [Performance of index, explanation of effect on value of investment and associated risks and other information concerning the underlying (*Inflation Linked Notes only*).]

[Details of the past and future performance and volatility of the Inflation Index can be obtained from [http://www.insee.fr/en/themes/theme.asp?theme=17&sous_theme=1&nivgeo=0&type=2]/

[http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=0&pcode =teicp000&language=en].]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]

60. Performance of rate[s] of exchange and explanation of effect on value of investment (*Dual Currency Notes, FX Linked Notes and notes to which Automatic Early Redemption provisions applies where the trigger level is an exchange rate only.*)

[*Need to include details of where past and future performance and volatility of the relevant rates can be obtained.*]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

61. TERMS AND CONDITIONS OF THE OFFER

(only applicable to FX Linked Notes, Inflation Linked Notes, CMS Linked Notes and notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate)

[Conditions to which the offer is subject:]	[Not applicable/Applicable (*Give details)*]
[Description of the application process]:	[Not applicable/Applicable (*Give details)*]
[Details of the method and time limits for paying up and delivering the Notes:]	[Not applicable/Applicable (*Give details)*]
[Categories of potential investors to which the Notes are offered and whether Tranche(s) have been reserved for certain countries:]	[Not applicable/Applicable (*Give details)*]
[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[None/ Applicable (*Give details)*]

62. FUNGIBLE ISSUES

Issue fungible with previous issue:	[Not applicable/Applicable (*Attach terms and conditions of the Notes if the Notes are fungible with an original Tranche issued pursuant to a previous base prospectus and specify the issue with which the Notes are fungible*.)]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to [listing and] trading on [Euronext Amsterdam / the Luxembourg Stock Exchange/Euronext Paris/ Eurex Deutschland/ the London Stock Exchange] of the Notes described herein] pursuant to the €60,000,000,000 Debt Issuance Program of Nederlandse Waterschapsbank N.V.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[*Relevant third party information, for example information with respect to ratings or historic reference rates.*] has been extracted from [*specify source*]. 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each Global Note and which will be endorsed on (or, if permitted by the relevant stock exchange or other relevant authority and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each Definitive Bearer Note in the standard euromarket form and each Individual Note Certificate. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Note and definitive Note in the standard euromarket form and each Individual Note Certificate. All capitalized terms that are not defined in these Terms and Conditions will have the meaning given to them in the applicable Final Terms. 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 Nederlandse Waterschapsbank N.V. (the '**Issuer**') pursuant to an 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:

1. in relation to any Notes represented by a Global Note, units of the lowest Specified Denomination in the Specified Currency;

2. definitive Notes in bearer form issued in exchange (or part exchange) for a Global Note in bearer form;

3. definitive Notes in registered form (whether or not issued in exchange for a Global Note in registered form); and

4. any Global Note.

Unless, the Non-U.S. Agency Agreement (as defined below) is indicated in the applicable Final Terms as 'applicable', the Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 28 May 2013 (as further amended and/or supplemented and/or restated from time to time, the '**Principal Agency Agreement**') made between the Issuer and Citibank N.A. as issuing and principal paying agent and agent bank (the '**Principal Paying Agent**', which expression shall include any successor agent) and the other paying agents named therein (together with the Principal Paying Agent, the '**Paying Agents**', which expression shall include any additional or successor paying agents), Citibank N.A. as exchange agent (the '**Exchange Agent**', which expression shall include any successor exchange agent and Citibank, N.A. as registrar (the '**Registrar**', which expression shall include any successor registrar) and transfer agent and the other transfer agents named therein (together with the Registrar, the '**Transfer Agents**', which expression shall include any additional or successor transfer agents).

Any Tranche of Notes and the Receipts (as defined below) and Coupons (as defined below) solely offered and sold by the Issuer and/or the Dealers in bearer form outside the United States to non-U.S. persons in reliance on Regulation S, and if so specified in the applicable Final Terms, have the benefit of an amended and restated agency agreement dated 28 May 2013 entered into between the Issuer and Banque Internationale à Luxembourg (as further amended and/or supplemented and/or restated from time to time, the '**Non-U.S. Agency Agreement**'). If the Non-U.S. Paying Agent is indicated in the Final Terms in connection with an issue of a Tranche of Notes in bearer form that is only offered and sold by the Issuer and/or Dealers outside the United States to non-U.S. persons in reliance on Regulation S, all references in the Terms and Conditions of the Notes and the Base Prospectus to the Principal Paying Agent shall, so far as the context permits, be construed as references to the Non-U.S. Paying Agent.

In these Terms and Conditions the term '**Agency Agreement**' shall, in so far as the context permits, refer to any Principal Agency Agreement or Non-U.S. Agency Agreement.

Interest bearing Definitive Bearer Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ('Coupons') and, if indicated in the applicable Final Terms, talons for further Coupons ('Talons') attached on issue. Any reference herein to Coupons or coupons shall, unless the context

otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes in the standard euromarket form repayable in installments have receipts ('Receipts') for the payment of the installments of principal (other than the final installment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

Any reference herein to 'Noteholders' or 'holders' in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered, 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.

The Final Terms for this Note are endorsed hereon or attached hereto or applicable hereto or incorporated by reference herein. References herein to the 'applicable Final Terms' are to the Final Terms for this Note.

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

Copies of each Agency Agreement and the applicable Final Terms are available for inspection at the specified offices of each of the Principal Paying Agent and the other Paying Agents, the Exchange Agent and the Registrar and the other Transfer Agents (such agents and the Registrar being referred to together as the '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. The statements in the Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions used in the applicable Final Terms shall have the same meanings where used in the Terms and Conditions.

General Definitions

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

Additional Financial Centre	any financial centre, specified as such, in the applicable Final Terms.
Aggregate Interest Amount	means the amount specified as such in the applicable Final Terms as calculated in accordance with Condition 7.9.
Amortized Face Amount	has the meaning specified in Condition 7.5(b).
Automatic Early Redemption Amount	the amount specified as such in the applicable Final Terms.
Automatic Early Redemption Event	the event specified as such in the applicable Final Terms.
Automatic Early Redemption Observation Level	the observation level specified as such in the applicable Final Terms.
Automatic Early Redemption Observation Period	the period specified as such in the applicable Final Terms.
Automatic Early Redemption Trigger	the trigger level specified as such in the applicable Final Terms.

Level

Base Level has the meaning specified in Condition 5.2(e).

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

Business Day a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and 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 other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London or any Additional Business Centre) or (2) in relation to any sum payable in Euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the 'TARGET2 System') is open.

Business Day Convention the Floating Rate Convention, Following Business Day Convention, Modified Following Business Day Convention or the Preceding Business Day Convention as specified in the applicable Final Terms.

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

Calculation Amount if there (i) is only one Specified Denomination, the Specified Denomination of the relevant Notes, or (ii) are several Specified Denominations, the highest common factor of those Specified Denominations as specified in the applicable Final Terms.

Change of Interest Basis Option has the meaning specified in Condition 5.6.

Change of Interest Basis Option Date the date specified as such in the applicable Final Terms.

Clearstream, Luxembourg Clearstream Banking, société anonyme.

CMS Linked Note	any note to which the CMS Linked Interest Basis applies as specified in the applicable Final Terms.
CMS Linked Rate of Interest	has the meaning specified in Condition 5.2(d).
CMS Rate1	has the meaning specified in Condition 5.2(d).
CMS Rate2	has the meaning specified in Condition 5.2(d).
CPI Monthly Reference Index	means the definitive consumer price index, excluding tobacco, for all households in metropolitan France, as calculated and published by the INSEE, as such index may be adjusted or replaced from time to time in accordance with these Terms and Conditions.[6]
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 5.1 or 5.2 as applicable.
Designated Reference	has the meaning specified in Condition 5.2(b).
Determination Period	means the period from (and including) an Interest Determination Date to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date).
Distribution Compliance Period	the period that ends 40-days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer(s) (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue).
DTC	The Depository Trust Company.
Dual Currency Note	a Note in respect of which payments of interest and/or principal may be made in a currency other than the Specified Currency. The applicable Final Terms will specify whether a Tranche constitutes Dual Currency Notes or not.
Early Redemption Amount	(i) an amount equal to the paid up nominal amount of each Note on the date of redemption, adjusted, if so specified in the applicable Final Terms, to account for Early Redemption Unwind Costs together with accrued interest, if so specified in the applicable Final Terms, or (ii) an amount calculated in accordance with Condition 7.5.
Early Redemption Unwind Costs	the amount specified as such in the applicable Final Terms or, if Standard Early Redemption Unwind Costs are specified in the applicable Final Terms, an amount determined by the Calculation Agent in its sole and absolute discretion equal to the sum of

[6] Details of the CPI Monthly Reference Index can be obtained from: http://www.insee.fr/en/themes/theme.asp?theme=17&sous_theme=1&nivgeo=0&type=2.

	(without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned pro rata amongst each nominal amount of Notes in the Specified Denomination.
Established Rate	the rate for conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty.
EURIBOR	the Euro-zone inter-bank offered rate.
EURIBOR Rate	has the meaning specified in Condition 5.2(b).
euro, Euro or EUR	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.
Euroclear	Euroclear Bank S.A./N.V.
Eurosystem	the central banking system for the euro.
Event of Default	has the meaning specified in Condition 10.
Exchange Notice	has the meaning specified in Condition 4(d).
Final FX Linked Redemption Amount	means the amount calculated in accordance with Condition 7.8.
Final Redemption Amount	an amount specified as such in the applicable Final Terms unless Condition 7.8 applies in which case the Final FX Linked Redemption Amount will be the final redemption amount.
Fixed Coupon Amount	the amount specified as such in the applicable Final Terms.
Final Redemption Determination Date	means with respect to FX Linked Redemption Notes the date specified as such in the applicable Final Terms.
Fixed Interest Period	the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
Fixed Rate of Interest	any fixed rate of interest specified as such in the applicable Final Terms.
Fixed Rate Note	any Note to which a Fixed Rate of Interest applies as specified in the applicable Final Terms.
Floating Rate	any floating interest rate specified as such in the applicable Final

	Terms.
Floating Rate Convention	has the meaning specified in Condition 5.2(a)(A).
Floating Rate of Interest	has the meaning specified in Condition 5.2(b).
Floating Rate Note	any Note to which a Floating Rate applies as specified in the applicable Final Terms.
Following Business Day Convention	has the meaning specified in Condition 5.2(a)(B).
FX Linked Note	the FX Linked Interest Notes and FX Linked Redemption Notes.
FX Linked Interest Note	any Note to which FX Linked Interest Basis applies as specified in the applicable Final Terms.
FX Linked Redemption Note	any Note to which the Final FX Linked Redemption Amount applies as specified in the applicable Final Terms.
FX Rate of Interest	has the meaning specified in Condition 5.2(c).
HICP Index	means the European Harmonized Index of Consumer Prices, excluding Tobacco published by EUROSTAT on a monthly basis as shown on Bloomberg page CPTFEMU <Index> (non-revised numbers).[7]
Index Sponsor	has the meaning specified in the applicable Final Terms.
Inflation Index	either (i) the HICP Index or (ii) the CPI Monthly Reference Index as specified in the applicable Final Terms.
Inflation Index Cancellation	has the meaning specified in Condition 5.2(e).
Inflation Linked Note	any Note to which the Inflation Linked Rate of Interest applies as specified in the applicable Final Terms.
Inflation Linked Rate of Interest	has the meaning specified in Condition 5.2(e).
Initial Interest Basis	the initial interest basis applicable on the Issue Date as specified in the applicable Final Terms.
INSEE	Institut National de la Statistique et des Etudes Economiques.
Installment Amount	the amount specified as such in the applicable Final Terms.
Installment Date(s)	the date(s) specified as such in the applicable Final Terms.
Installment Note	any Note that may be repayable in two or more installments as specified in the applicable Final Terms.
Interest Amount	has the meaning specified in Condition 5.2(g).

[7] http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=0&pcode=teicp000&language=en.

Interest Basis Option Date	the interest basis option date as specified in the applicable Final Terms.
Interest Basis Option Period	the interest basis option period as specified in the applicable Final Terms.
Interest Commencement Date	the Issue Date unless otherwise specified in the applicable Final Terms.
Interest Determination Date	means the applicable interest determination date as specified in the applicable Final Terms.
Interest Payment Date(s)	has the meaning specified in Condition 5.2(b).
Interest Period	has the meaning specified in Condition 5.2(a).
Investor Put Option	has the meaning specified in Condition 7.4.
ISDA Definitions	has the meaning specified in Condition 5.2(b).
ISDA Determination	the method for determining the interest rate of Floating Rate Notes as specified in Condition 5.2(b)(i).
Issue Date	the issue date specified as such in the applicable Final Terms.
Issue Price	the issue price of the Notes specified as such in the applicable Final Terms.
Issuer	Nederlandse Waterschapsbank N.V.
Issuer Call Option	has the meaning specified in Condition 7.3.
Latest Level	has the meaning specified in Condition 5.2(e).
Legended Note	Registered Notes (whether represented by a Rule 144A Global Note or any restricted Individual Note Certificate) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a 'Legend').
LIBOR	the London inter-bank offered rate.
LIBOR Rate	has the meaning specified in Condition 5.2(b).
Long Maturity Note	has the meaning specified in Condition 6.2.
Manifest Error Cut-off Date	has the meaning specified in Condition 5.2(e).
Margin	the margin applicable to the Notes specified as such in the applicable Final Terms.
Maturity Date	the date of maturity of the Notes as specified in the applicable Final Terms.
Maximum Rate of Interest	the maximum rate of interest specified as such in the applicable Final Terms.

Maximum Redemption Amount	the maximum redemption amount specified as such in the applicable Final Terms.
Minimum Rate of Interest	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.
Minimum Redemption Amount	the minimum redemption amount specified as such in the applicable Final Terms.
Modified Following Business Day Convention	has the meaning specified in Condition 5.2(a)(C).
Notice Period	means the applicable Notice Period indicated in the applicable Final Terms within which the Issuer must notify Noteholders of an event in accordance with the relevant Conditions.
Optional Redemption Amount	an amount specified as such in the applicable Final Terms, and if no such amount is specified, the nominal amount of such Note.
Optional Redemption Date(s)	if specified as applicable in the applicable Final Terms, the date(s) designated and notified by the Issuer to the Noteholders (in the event an Issuer Call Option is applicable) or by the Noteholders to the Issuer (in the event an Investor Put Option is declared applicable).
Partly Paid Note	any Note where the issue price is payable in more than one installment as specified in the applicable Final Terms.
Part Payment Amount	means the amount specified as such in the applicable Final Terms.
Part Payment Date	means the date specified as such in the applicable Final Terms.
Payment Day	has the meaning specified in Condition 6.7.
Period of Cessation of Publication	has the meaning specified in Condition 5.2(e).
Preceding Business Day Convention	has the meaning specified in Condition 5.2(a)(D).
Put Notice	has the meaning specified in Condition 7.4.
QIB	a qualified institutional buyer within the meaning of Rule 144A.
Rate of Exchange	means the exchange rate specified as such in the applicable Final Terms.
Rate(s) of Interest	either the Fixed Rate of Interest, Floating Rate of Interest, FX Rate of Interest, Inflation Linked Rate of Interest or CMS Linked Rate of Interest as specified in the applicable Final Terms.
Rebased Index	has the meaning specified in Condition 5.2(e).
Record Date	has the meaning specified in Condition 6.5.
Redeemed Notes	has the meaning specified in Condition 7.3.

Redenomination Date	in the case of interest bearing notes, any date for payment of interest under the Notes or, in the case of Zero Coupon Notes, any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) of Condition 4 and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union.
Reference Banks	has the meaning specified in Condition 5.2(b).
Reference Level	has the meaning specified in Condition 5.2(e).
Reference Month	has the meaning specified in Condition 5.2(e).
Reference Price	the reference price specified as such in the applicable Final Terms.
Reference Rate	the rate specified as such in the applicable Final Terms being either EURIBOR or LIBOR.
Register	has the meaning specified in Condition 6.5.
Regulation S	Regulation S under the Securities Act.
Regulation S Global Note	a Registered Global Note representing Notes initially sold outside the United States to non-U.S. persons in reliance on Regulation S.
Relevant Date	has the meaning specified in Condition 8.
Relevant Level	has the meaning specified in Condition 5.2(e).
Relevant Screen Page	such page, section, caption or column or other part of a particular information service as may be specified in the applicable Final Terms.
Rule 144	Rule 144 under the Securities Act.
Rule 144A	Rule 144A under the Securities Act.
Rule 144A Global Note	a Registered Global Note representing Notes initially sold to U.S. persons and in the United States to persons that are QIBs.
Screen Rate Determination	the method for determining the interest rate of Floating Rate Notes as specified in Condition 5.2(b)(ii).
Securities Act	the United States Securities Act of 1933, as amended.
Selection Date	has the meaning specified in Condition 7.3.
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 indicated as such in the applicable Final Terms.

Specified Payment Date	is the date specified in the applicable Final Terms as such.
Specified Period	has the meaning specified in Condition 5.2(a).
Specified Time	has the meaning specified in Condition 5.2(b).
Subsequent Interest Basis	subject to the conditions set out in Condition 5.6 the interest basis indicated as such in the applicable Final Terms that shall commence to apply upon exercise of the the Change of Interest Basis Option.
Substitute Index Level	has the meaning specified in Condition 5.2(e).
sub-unit	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.
Successor Index	has the meaning specified in Condition 5.2(e).
TARGET 2 System	the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system, launched on 19 November 2007, which utilizes a single shared platform.
Target Redemption Amount	the amount specified as such in the applicable Final Terms.
Transfer Certificate	has the meaning specified in Condition 2.5.
Treaty	the Treaty establishing the European Community, as amended.
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 may be issued in bearer form ('Bearer Notes') or in registered form ('Registered Notes') as specified in the applicable Final Terms 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 Notes the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes). Bearer Notes may not be exchanged for Registered Notes and *vice versa*. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

Each Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an FX Linked Interest Note, an Inflation Linked Note or a CMS Linked Note, depending on the Interest Basis indicated in the applicable Final Terms.

Each Note may be an FX Linked Redemption Note, an Installment Note, a Dual Currency Note or a Partly Paid Note, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

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

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The following information in this paragraph summarizes the most relevant provisions of the Agency

Agreement with regard to this matter. The Registered Notes to be transferred must be delivered for registration to the specified office of the Registrar with the form of transfer endorsed on them duly completed and executed and must be accompanied by such documents, evidence and information (including, but not limited to, a transfer certificate as provided in the Agency Agreement) as may be required pursuant to these Terms and Conditions and such other evidence as the Issuer may reasonably require to prove the title of the transferor or his right to transfer the Registered Notes.

Except as required by law, the Issuer, the Principal Paying Agent and any other Paying Agent will treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note 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 Bank S.A./N.V. ('Euroclear') and/or Clearstream Banking, société anonyme ('Clearstream, Luxembourg') each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such principal 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 Bearer Global Note or the registered holder of the relevant Registered 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).

For so long as The Depository Trust Company ('DTC') or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

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

References to DTC, 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.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear, and/or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Individual Note Certificates or for a beneficial interest in another Registered Global Note only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear, and/or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. The following information in this paragraph summarizes the most relevant provisions of the Agency Agreement with regard to this matter. For transfers of interests in a Registered Global Note for Individual Note Certificates, the Registered Notes to be

transferred must be delivered for registration to the specified office of the Registrar with the form of transfer endorsed on them duly completed and executed and must be accompanied by such documents, evidence and information (including, but not limited to, a transfer certificate) as may be required pursuant to these Terms and Conditions and such other evidence as the Issuer may reasonably require to prove the title of the transferor or his right to transfer the Registered Notes. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Individual Note Certificates

Subject as provided in Conditions 2.5 and 2.6 below, upon the terms and subject to the conditions set forth in the Agency Agreement (as summarized in this paragraph), an Individual Note Certificate may be transferred in whole or in part (in the Specified Denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Individual Note Certificate for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorized in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial regulations being set out in Schedule 7 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Individual Note Certificate registered in the name of the transferee of a like aggregate principal amount to the Individual Note Certificate (or the relevant part of the Individual Note Certificate) transferred. In the case of the transfer of part only of an Individual Note Certificate, a new Individual Note Certificate in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States will only be made:

(a) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a 'Transfer Certificate'), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the

effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States;

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (a) above, such transferee may take delivery through an interest in the Rule 144A Global Note. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

2.6 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

3. STATUS OF THE NOTES AND NEGATIVE PLEDGE

The Notes and the relative Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law. So long as the Notes or any relative Receipts or Coupons remain outstanding the Issuer will not secure any present or future indebtedness (whether being principal, premium, interest or other amounts) represented by notes, bonds or other debt securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market without securing the Notes equally and ratably except that the foregoing shall not apply to:

(a) presently existing security which may be used to secure other obligations;

(b) security arising by operation of law;

(c) security to finance the purchase price of assets;

(d) security for tax and other governmental levies which may be paid after their due date without penalty; or

(e) repurchase agreements.

4. REDENOMINATION

Where redenomination is specified in the applicable Final Terms, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and/or Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Notes that are denominated in a currency of a member state of the European Union shall be redenominated in Euro. Redenomination cannot be elected for Dual Currency Notes, FX Linked Notes, Inflation Linked Notes and CMS Linked Notes.

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

(a) the Notes and the Receipts shall be deemed to be redenominated into Euro with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into Euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, the market practice at that time in respect of the redenomination in Euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;

(c) if Definitive Bearer Notes or Individual Note Certificates are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in denominations of €100,000 (as determined by the Issuer in consultation with the Agent) and or such other denominations (of at least €100,000) as the Agent shall determine and notify to the Noteholders;

(d) 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**') that replacement Euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify in consultation with the Issuer where practicable and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) on or after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction as specified in the applicable Final Terms, 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

(g) 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.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

As used in these Terms and Conditions, Fixed Interest Period means 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 interest is required to be calculated for a period other than a Fixed Interest Period or if, in the case of Notes in definitive form, no applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Fixed Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

'Day Count Fraction' means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

(a) if 'Actual/Actual (ICMA)' is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the 'Accrual Period') is equal to or shorter than the Determination Period

during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Interest Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Interest Determination Dates that would occur in one calendar year;

(b) if '30/360' is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.

(c) If 'Actual/365 (Fixed)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.

5.2 Interest on Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes and CMS Linked Notes

(a) Interest Payment Dates

Each Floating Rate Note, FX Linked Interest Note, Inflation Linked Note and CMS Linked Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

(i) the Specified Interest Payment Date(s) (each an '**Interest Payment Date**') in each year specified in the applicable Final Terms; or

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

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

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

(A) in any case where Specified Periods are specified in accordance with Condition (ii) 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 in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the '**Following Business Day Convention**', such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the '**Modified Following Business Day Convention**', such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the '**Preceding Business Day Convention**', such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

If '**Unadjusted**' is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated, for the purposes of determining the Interest Amount(s) only, 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, for the purposes of determining the Interest Amount(s) only, as if the Interest Payment Date is subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

(b) Rate of Interest for Floating Rate Notes

The '**Floating 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 on the following basis:

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Floating Rate of Interest is to be determined, the Floating Rate of Interest for each Interest Period will be either the EURIBOR Rate or the LIBOR Rate (as indicated in the applicable Final Terms) plus or minus (as indicated in the applicable Final Terms) the Margin (if any). '**EURIBOR Rate**' means, with respect to any Interest Determination Date relating to a Floating Rate Note, the rate for Euro swaps with a Designated Maturity for a specified number of years (as indicated in the applicable Final Terms) which appears on Reuters relevant ISDAFIX1 Page as of 11:00 a.m., Brussels time, on the related Interest Determination Date. '**LIBOR Rate**' means, with respect to any Interest Determination Date relating to a Floating Rate Note, the rate for Designated Reference swaps with a Designated Maturity for a specified number of years (as indicated in the applicable Final Terms) which appears on Reuters relevant ISDAFIX1 Page as of 11:00 a.m., London time, on the related Interest Determination Date.

The following procedures will be used if the EURIBOR Rate or the LIBOR Rate cannot be determined as described above:

(1) If the above rate is no longer displayed on the relevant ISDAFIX1 Page, or if not displayed by 11:00 a.m., Brussels time in the case of an EURIBOR Rate or 11:00 a.m. London time in the case of a LIBOR Rate, on the Interest Determination Date, then the EURIBOR Rate will be the rate for Euro swaps, with the same maturity as the notes designated in the applicable Final Terms, which appears on the relevant ISDAFIX1 Page as of 11:00 a.m., Brussels time, on the Interest Determination Date and the LIBOR Rate will be the rate for Designated Reference swaps, with the same maturity as the notes designated in the applicable Final Terms, which appears on the relevant ISDAFIX Page as of 11:00 a.m. London time, on the Interest Determination Date.

(2) If the information set out under (1) is no longer displayed by 11:00 a.m. Brussels time in the case of an EURIBOR Rate or 11:00 a.m. London time in the case of a LIBOR Rate, on the Interest Determination Date, then the EURIBOR Rate or LIBOR Rate will be a percentage determined on the basis of the mid-market, semi-annual swap rate quotations provided by five leading swap dealers in the Eurozone interbank market at approximately 11:00 a.m., Brussels time with respect to an EURIBOR Rate or in the London interbank market at approximately 11:00 a.m. London time with respect to a LIBOR Rate on the Interest Determination Date. For this purpose, the semi-annual swap rate means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating Euro interest rate swap with respect to an EURIBOR Rate, or fixed-for-floating Designated Reference interest rate swap with respect to a LIBOR Rate transaction with a term equal to the maturity of the notes designated in the applicable Final Terms on that Interest Determination Date with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to the rate for deposits in Euro (with respect to an EURIBOR Rate) or with respect to the Designated Reference (with respect to a LIBOR Rate) with a maturity of three months which appears on the EURIBOR001 page (with respect to EURIBOR Rate) or LIBOR01 page (with respect to LIBOR Rate). The Calculation Agent will select the five swap dealers after consultation with the Issuer and will request the principal Eurozone or London office of each of those dealers to provide a quotation of its rate. If at least three quotations are provided, the EURIBOR Rate or LIBOR Rate for that Interest Determination Date will be the arithmetic mean of the quotations, eliminating the highest and lowest quotations or, in the event of equality, one of the highest and one of the lowest quotations.

(3) If fewer than three leading swap dealers selected by the Calculation Agent are quoting as described above, the EURIBOR Rate or LIBOR Rate will remain the EURIBOR Rate or LIBOR Rate, as applicable, in effect on that Interest Determination Date or, if that Interest Determination Date is the first Interest Determination Date, the EURIBOR Rate or LIBOR Rate in effect on the Interest Commencement Date.

For the purposes of this sub-paragraph '**Designated Reference**' means either Swiss Franc, EURLibor, Sterling, Japanese Yen or US Dollars (as specified in the applicable Final Terms).

(ii) Screen Rate Determination for Floating Rate Notes

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

(A) the offered quotation (if there is only one quotation on the Relevant Screen Page; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place), with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying 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 Principal Paying 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 (A) above, no such quotation appears or, in the case of (B) 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 Principal Paying Agent shall request that each of the Reference Banks (as defined below) provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying 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 Principal Paying Agent.

The expression 'Reference Banks' means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent or as specified in the applicable Final Terms.

The expression 'Specified Time' means 11.00 a.m. (London time, in the case of a determination of LIBOR or Brussels time, in the case of a determination of EURIBOR).

(c) Rate of Interest for FX Linked Interest Notes

The Rate of Interest payable from time to time in respect of the FX Linked Interest Notes will be determined on the following basis:

FX Rate of Interest = Multiplier1 x (Reference Price/FX Level1) - Margin1

where:

'**Multiplier1**' shall mean the value specified in the applicable Final Terms;

'**Reference Price**' means, in relation to an Interest Determination Date, an amount equal to the arithmetic mean of the offered rate and bid rate of exchange appearing on the Relevant FX Screen Page at the Relevant Time on that Interest Determination Date for the exchange of such Specified Currency into the Base Currency (expressed as the number of units (or part units) of the Specified Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Specified Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on such Interest Determination Date of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent);

'**Interest Determination Date**' has the meaning given in the applicable Final Terms;

'**Relevant FX Screen Page**' has the meaning given in the applicable Final Terms;

'**Relevant Time**' has the meaning given in the applicable Final Terms;

'**Base Currency**' has the meaning given in the applicable Final Terms;

'**Margin1**' has the meaning specified in the applicable Final Terms; and

'**FX Level1**' shall be an exchange rate level specified in the applicable Final Terms.

(d) Rate of Interest for CMS Linked Notes

The Rate of Interest payable from time to time in respect of the CMS Linked Notes will be determined on the following basis:

CMS Linked Rate of Interest = Multiplier2 x (Multiplier3 x CMS Rate1 - Multipier4 x CMS Rate2) + Margin2

where:

‘**Multiplier2**’ shall mean the value specified in the applicable Final Terms;

‘**Multiplier3**’ shall mean the value specified in the applicable Final Terms;

‘**Multiplier4**’ shall mean the value specified in the applicable Final Terms;

‘**CMS Rate1**’ shall mean, with respect to any Interest Determination Date relating to a CMS Linked Note, the rate for CMS swaps with a designated maturity for a specified number of years (as indicated in the applicable Final Terms as Designated Maturity1) which appears on Reuters ISDAFIX1 Page (the 'ISDAFIX1 Page') as of 11:00 a.m., Brussels time, on the related Interest Determination Date.

‘**CMS Rate2**’ shall mean, with respect to any Interest Determination Date relating to a CMS Linked Note, the rate for Euro swaps with a designated maturity for a specified number of years (as indicated in the applicable Final Terms as Designated Maturity2) which appears on Reuters ISDAFIX1 Page (the 'ISDAFIX1 Page') as of 11:00 a.m., Brussels time, on the related Interest Determination Date.

The following procedures will be used to determine the CMS Rate1 or the CMS Rate2 if such rate cannot be determined as described above:

(1) If the above rate is no longer displayed on the ISDAFIX1 Page, or if not displayed by 11:00 a.m., Brussels time, on the Interest Determination Date, then that rate will be the rate for CMS swaps, with the nearest maturity to the Designated Maturity1 with respect to the CMSRate1 or Designated Maturity2 with respect to CMSRate2 designated in the applicable Final Terms, which appears on the ISDAFIX1 Page as of 11:00 a.m., Brussels time on the Interest Determination Date.

(2) If the information set out under (1) is no longer displayed by 11:00 a.m. Brussels time on the Interest Determination Date, then the CMS Rate1 or CMS Rate2, as applicable, will be a percentage determined on the basis of the mid-market, annual swap rate quotations provided by five leading swap dealers in the Eurozone interbank market at approximately 11:00 a.m., Brussels time on the Interest Determination Date. For this purpose, the annual swap rate means the mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating CMS swap with a term equal to the maturity of the Designated Maturity1 with respect to the CMSRate1 or Designated Maturity2 with respect to CMSRate2 designated in the applicable Final Terms on that Interest Determination Date with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to the rate for deposits in Euro with a maturity of three months which appears on the EURIBOR001 page. The Calculation Agent will select the five swap dealers after consultation with the Issuer and will request the principal Eurozone office of each of those dealers to provide a quotation of its rate. If at least three quotations are provided, the CMS Rate1 or CMS Rate2 for that Interest Determination Date will be the arithmetic mean of the quotations, eliminating the highest and lowest quotations or, in the event of equality, one of the highest and one of the lowest quotations.

(3) If fewer than three leading swap dealers selected by the Calculation Agent are quoting as described above, CMS Rate1 or CMS Rate2 will remain the rate, as applicable, in effect on that Interest Determination Date or, if that Interest Determination Date is the first Interest Determination Date, CMS Rate1 or CMS Rate2 in effect on the Interest Commencement Date.

‘**Margin2**’ has the meaning specified in the applicable Final Terms.

(e) Rate of Interest for Inflation Linked Notes

The Rate of Interest payable from time to time in respect of the Inflation Linked Notes will be determined on the following basis:

Inflation Linked Rate of Interest = Margin3 + Max[{(Inflation Index $_t$ - Inflation Index $_{t-1}$) / Inflation Index $_{t-1}$ }, 0]

where:

'**Margin3**' has the meaning specified in the applicable Final Terms;

'**Inflation Index**' means one of the following as specified in the applicable Final Terms:

(a) '**CPI Monthly Reference Index**' which refers to the definitive consumer price index, excluding tobacco, for all households in metropolitan France, as calculated and published monthly by the INSEE, as such index may be adjusted or replaced from time to time as provided herein; or

(b) '**HICP Index**' which refers to the European Harmonized Index of Consumer Prices, excluding Tobacco published by EUROSTAT on a monthly basis as shown on Bloomberg page CPTFEMU <Index> (non-revised numbers);

'**t**' means in respect of an Inflation Index the latest level of such Inflation Index (excluding any 'flash' estimates) published or announced by the relevant Index Sponsor for the Reference Month prior to the Interest Determination Date in respect of which the Interest Rate is being determined; and

'**t-1**' means in respect of an Inflation Index the latest level of such Inflation Index (excluding any 'flash' estimates) published or announced by the relevant Index Sponsor for the Reference Month prior to the latest Interest Determination Date (or Interest Commencement Date if the interest is being calculated over first Interest Period after the Issue Date) occurring before the Interest Determination Date in respect of which the Interest Rate is being determined.

If the Calculation Agent determines, in respect of an Inflation Index and an Interest Determination Date, that the level of such Inflation Index for a Reference Month which is relevant to the calculation of a payment under the Notes (a '**Relevant Level**') has not been published or announced by the relevant Interest Determination Date, the Calculation Agent shall determine the level of such Inflation Index for such Reference Month (a '**Substitute Index Level**') in place of such Relevant Level by using the following methodology:

Substitute Index Level = Base Level x (Latest Level/Reference Level)

The Issuer shall promptly give notice to the Noteholders in accordance with Condition 14 of any Substitute Index Level.

If a Relevant Level in respect of an Interest Determination Date is published or announced at any time after the relevant Interest Determination Date, such Relevant Level will not be used in any calculations. The Substitute Index Level determined pursuant to this Condition will be the definitive level for that Reference Month.

If the Calculation Agent determines that the level of an Inflation Index has not been published or announced for two consecutive months (the '**Period of Cessation of Publication**') and/or the relevant Index Sponsor announces that it will no longer continue to publish or announce such Inflation Index then the Calculation Agent shall determine a successor index (a '**Successor Index**') (in lieu of the relevant previously applicable Inflation Index) for the purposes of the Notes by using the following methodology:

(i) if no Inflation Index Cancellation (as defined below) has occurred and a notice has been given or an announcement has been made by the relevant Index Sponsor specifying that such Inflation Index will be superseded by a replacement index specified by the relevant Index Sponsor and the Calculation Agent determines that such replacement Inflation Index is calculated and announced using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the 'Successor Index' for such Inflation Index for the purposes of the Notes from the date that such Successor Index comes into effect; or

(ii) if no Inflation Index Cancellation (as defined below) has occurred and if a Successor Index is not determined pursuant to paragraph (i) above by the relevant Interest Determination Date, the Calculation Agent will determine an appropriate alternative index for the affected Interest Determination Date and such index will be deemed to be the 'Successor Index' for such Inflation Index with respect to the affected Interest Determination Date.

If the Calculation Agent determines that there is no appropriate alternative index, there will be deemed to be no Successor Index for such Inflation Index (an '**Inflation Index Cancellation**') and, on giving notice to Noteholders in accordance with Condition 14, the Issuer shall redeem all, but not some, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest.

Notice of the determination of a Successor Index and the date from which such index becomes the Successor Index or any Inflation Index Cancellation will be given to Noteholders by the Issuer in accordance with Condition 14.

In relation to an Inflation Index, either (i) the first publication and announcement of a level of such Inflation Index for a Reference Month shall be final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations ('**No Revision**') or (ii) the first publication or announcement of a level of such Inflation Index, or, if revised, any subsequent revisions of such level for a Reference Month shall be final and conclusive, provided that such revisions are published or announced up to and including the relevant Revision Cut-off Date (as defined below) ('**Revision**'), as specified in the applicable Final Terms provided that if neither 'No Revision' nor 'Revision' is specified in the applicable Final Terms, 'No Revision' shall be deemed to apply for such Inflation Index.

If, in respect of an Interest Determination Date and a Relevant Level in respect of such Interest Determination Date, the Calculation Agent determines that the relevant Index Sponsor has corrected such Relevant Level to remedy a manifest error in its original publication, prior to the earlier of thirty days following publication of such Relevant Level and the Manifest Error Cut- off Date for such Interest Determination Date the Calculation Agent may use such corrected Relevant Level to calculate any payments under the Notes in respect of such Interest Determination Date. Corrections published on or after the earlier of thirty days following publication of such Relevant Level and the Manifest Error Cut-off Date for such Interest Determination Date will be disregarded by the Calculation Agent for the purposes of determining any payments under the Notes.

If the Calculation Agent determines that an Inflation Index has been or will be rebased at any time, such Inflation Index as so rebased (the '**Rebased Index**') will be used for purposes of determining any Relevant Level in respect of such Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments to the levels of such Rebased Index so that such Rebased Index levels reflect the same rate of inflation as the relevant Inflation Index before it was rebased.

The following expressions have the following meanings in the context of Inflation Linked Notes only:

'**Index Sponsor**' means in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index, as indicated in the applicable Final Terms;

'**Base Level**' means, in respect of an Inflation Index, the level of such Inflation Index (excluding any 'flash' estimates) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

'**Latest Level**' means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any 'flash' estimates) published or announced by the relevant Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined;

'**Reference Level**' means, in respect of an Inflation Index, the level of such Inflation Index (excluding any 'flash' estimates) published or announced by the relevant Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in the definition of 'Latest Level' above;

'**Manifest Error Cut-off Date**' means, in respect of an Interest Determination Date, two Business Days prior to such Interest Determination Date;

'**Reference Month**' means, in respect of an Inflation Index, the calendar month for which the level of such Inflation Index was reported, regardless of when this information is published or announced. If the period for which the Inflation Index level was reported is a period other than a month, the Reference Month shall be the period for which the Inflation Index level was reported; and

'**Revision Cut-off Date**' means, in respect of an Inflation Index and a level of such Inflation Index for a Reference Month, the day that is two Business Days prior to any relevant Interest Determination Date.

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

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such Minimum Rate of Interest and/or if it specifies a Maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such Maximum Rate of Interest.

(g) Determination of Rate of Interest and Calculation of Interest Amount

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of FX Linked Interest Notes, Inflation Linked Notes and CMS Linked Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of FX Linked Interest Notes, Inflation Linked Notes and CMS Linked Notes the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the 'Interest Amount') payable on the Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes which are represented by a Global Note, the aggregate outstanding principal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes in definitive form, the Calculation Amount;

(C) and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, an FX Linked Interest Note, an Inflation Linked Notes or a CMS Linked Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

'Day Count Fraction' means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if 'Actual/Actual(ISDA)' or 'Actual/Actual' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(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/365 (Sterling)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if 'Actual/360' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) 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_1' is the year, expressed as a number, in which the first day of the Interest Period falls;

'Y_2' is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

'M_1' is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

'M_2' is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

'D_1' is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

'D_2' 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 D1 is greater than 29, in which case D2 will be 30;

(vi) 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_1' is the year, expressed as a number, in which the first day of the Interest Period falls;

'Y_2' is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

'M_1' is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

'M_2' is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

'D_1' is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

'D_2' 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 D2 will be 30;

(vii) 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_1' is the year, expressed as a number, in which the first day of the Interest Period falls;

'Y_2' is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

'M_1' is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

'M_2' is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

'D_1' 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 D1 will be 30; and

'D_2' 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 D2 will be 30.

(h) Notification of Rate of Interest and Interest Amounts

The applicable Principal Paying Agent for each Series 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, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fifth Business Day prior to the Interest Payment Date immediately preceding the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified

may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with Condition 14.

(i) 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 5.2 by the Principal Paying Agent for each Series or, if applicable, the Calculation Agent shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the applicable Principal Paying Agent, the Calculation Agent, if applicable, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the applicable Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Dual Currency Notes

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

5.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up principal amount of such Notes.

5.5 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 payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 or individually.

5.6 Change of Interest Basis Option

If ‘Change of Interest Basis Option’ is specified as applicable in the applicable Final Terms, the Issuer may, subject to notification to such stock exchange where the Notes are listed and having given:

(a) notice to the Noteholders in accordance with Condition 14, 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

(b) notice to the Principal Paying Agent, not less than the number of Business Days equal to the Interest Basis Option Period prior to the date on which the Issuer 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.

6. PAYMENTS

6.1 Method of Payment

Subject as provided below:

(a) payments in a Specified Currency other than Euro will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a check in such Specified Currency drawn on a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney); and

(b) 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.

6.2 Payments subject to fiscal and other laws

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 8, including any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the '**Code**') or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder, any official interpretations thereof, or any law implementing, or relating to, an intergovernmental approach thereto ('**FATCA**'). Neither NWB Bank nor any Paying Agent will be liable for, or required to pay any additional amounts as a result of the withholding or deduction from a payment on the Notes pursuant to, or in connection with, FATCA.

6.3 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against surrender of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer 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 (as defined below).

Payments of installments of principal (if any) in respect of Definitive Bearer Notes, other than the final installment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender of the relevant Receipt. Payment of the final installment will be made in the manner provided in Condition 6.1 above against surrender of the relevant Bearer Note. Each Receipt must be presented for payment of the relevant installment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer 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 represented by a Definitive Bearer Note (other than Dual Currency Notes, FX Linked 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) at the specified office of any Paying Agent outside the United States, 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 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note represented by a Definitive Bearer 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, FX Linked Note, Inflation Linked Note, CMS Linked Note, Dual Currency Note or Long Maturity Note represented by a Definitive Bearer Note 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 Bearer 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 principal 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 principal amount of such Note.

If the due date for redemption of any Definitive Bearer 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 Bearer Note.

6.4 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided therein) be made in the manner specified above in relation to Definitive Bearer Notes against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

6.5 Payments in respect of Registered Notes

Payments of principal (other than installments of principal prior to the final installment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the 'Register') (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg and/or DTC, as applicable, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S. $250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a check in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, 'Designated Account' means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and Designated Bank means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest and payments of installments of principal (other than the final installment) in respect of each Registered Note (whether or not in global form) will be made by a check in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg and/or DTC, as applicable, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the 'Record Date') at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and installments of principal (other than the final installment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final installment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a check posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than US Dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in US Dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.6 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular principal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, 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 provisions of Condition 6.3 above, US Dollar payments of principal and interest in respect of Bearer Notes may 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 and its possessions)) if:

(a) 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 US Dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) 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 US Dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

Payment to the Principal Paying Agent by the Issuer and the receipt by the Principal Paying Agent of the due and punctual payment of funds shall be deemed to satisfy the obligations of the Issuer under the Notes for the purposes of payment of principal and interest due on the respective payment dates to the extent of such payments.

6.7 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:

(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:

  (i) the case of Notes in definitive form only, the relevant place of presentation; and

  (ii) any 'Additional Financial Centre' specified in the applicable Final Terms;

(b) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney), or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open; and

(c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than US Dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in US Dollars, a day on which commercial banks are not authorized or required by law or regulation to be closed in New York City.

6.8 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:

(a) any additional amounts which may be payable with respect to principal under Condition 8;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Installment Notes, the Installment Amounts;

(f) in relation to Zero Coupon Notes, the Amortized Face Amount; and

(g) 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 8.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

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

7.2 Redemption for Tax Reasons

Unless this Condition is stated in the applicable Final Terms not to apply, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) 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 8 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.

Each Note redeemed pursuant to this Condition 7.2 will be redeemed at its Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the Option of the Issuer ('Issuer Call Option')

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

(a) not less than 5 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and

(b) not less than 5 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent for such Series and, in the case of a redemption of Registered Notes, the Registrar,

(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).

Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ('Redeemed Notes') will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter 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 14 not less than 5 days prior to the date fixed for redemption. 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 Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

7.4 Redemption of Notes at the Option of the Noteholders ('Investor Put Option')

If Investor Put Option is specified in the applicable Final Terms as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 5 nor more than 30 days' notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem), such 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. Registered Notes may be redeemed under this Condition 7.4 in any multiple of their lowest Specified Denomination.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this Note its holder must deliver at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, 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 or, as the case may be, the Registrar (a 'Put Notice') and in which the holder must specify a bank account (or, if payment is by check, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the principal amount thereof to be redeemed and, if less than the full principal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, or DTC or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or DTC from time to time and, if this Note is represented by a Global Note the terms of which require presentation for recording changes to its principal amount, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this Condition shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition and instead to declare such Note forthwith due and payable pursuant to Condition 10.

7.5 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note (other than a Zero Coupon Note but including an Installment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the principal amount or which is payable in a Specified Currency other than that in which the Note is denominated, at the Early Redemption Amount specified in the applicable Final Terms or, if no such amount is specified in the applicable Final Terms, at its principal amount; or

(b) in the case of a Zero Coupon Note, at an amount (the 'Amortized Face Amount') calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1 + AY)^{y}$$

where:

'RP' means the Reference Price as indicated in the Final Terms; and

'AY' means the Accrual Yield as indicated in the Final Terms; and

'y' is a fraction the numerator of which is equal to the number of days (calculated on the basis of a Day Count Fraction (specified in the applicable Final Terms and further explained in Condition 5.1 and 5.2), or if none is specified in the applicable Final Terms, a 360 day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is calculated on the basis of a Day Count Fraction specified in the applicable Final Terms, or if none is specified in the applicable Final Terms, 360; or

(c) in any other case, at the Final Redemption Amount specified in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, at its principal amount.

7.6 Installments

Installment Notes will be repaid in the Installment Amounts and on the 'Installment Dates' specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.5 above.

7.7 Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise at the paid-up nominal amount of such Notes. While any Part Payment Amount due from the holder of Partly Paid Notes is overdue, no interest in a Global Note representing such Notes may be exchanged for Definitive Notes (as the case may be). If any Noteholder fails to pay any Part Payment Amount due on any Partly Paid Notes on any corresponding Part Payment Date, the Issuer may forfeit such Notes and shall have no further obligation to such Noteholder.

7.8 Redemption of FX Linked Redemption Notes

This Condition 7.8 is only applicable in relation to FX Linked Redemption Notes. Unless previously redeemed, or purchased and cancelled, each nominal amount of the Notes equal to the Calculation Amount will be redeemed by the Issuer at their FX Linked Redemption Amount (as defined below) on the Maturity Date at the Final FX Linked Redemption Amount. The Final FX Linked Redemption Amount will be determined in the manner specified below:

Final FX Linked Redemption Amount = 100% x Reference Price/ FX Level2

where:

'**Reference Price**' means, in relation to a relevant Final Redemption Determination Date, an amount equal to the arithmetic mean of the offered rate and bid rate of exchange appearing on the Relevant FX Screen Page at the Relevant Time on that relevant Final Redemption Determination Date for the exchange of such Specified Currency into the Base Currency (expressed as the number of units (or part units) of the Specified Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Specified Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on such relevant Final Redemption Determination Date of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent).

‘**Final Redemption Determination Date**’ is the date specified in the applicable Final Terms;

‘**Relevant FX Screen Page**’ has the meaning given in the applicable Final Terms;

‘**Relevant Time**’ is the time specified in the applicable Final Terms;

‘**Base Currency**’ has the meaning specified in the applicable Final Terms;
and

‘**FX Level 2**’ shall be an exchange rate level specified in the applicable Final Terms.

7.9 Automatic Early Redemption

If Automatic Early Redemption is specified to be applicable in the applicable Final Terms, unless previously redeemed or purchased and cancelled, if on any Interest Determination Date or during any Automatic Early Redemption Observation Period an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on a date specified by the Issuer to the Noteholders in a notice provided to the Noteholders, in accordance with Condition 14, within the Notice Period specified in the applicable Final Terms which shall be not less than 5 nor more than 30 days after the Automatic Early Redemption Event has occurred. In any such case the Final Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount equal to the relevant Automatic Early Redemption Amount.

‘**Automatic Early Redemption Amount**’ means, if Automatic Early Redemption is specified as being applicable in the Final Terms an amount specified as such in the applicable Final Terms;

‘**Automatic Early Redemption Event**’ means, if Automatic Early Redemption is specified as being applicable in the Final Terms that the Automatic Early Redemption Observation Level is, as specified in the applicable Final Terms, (i) ‘greater than’, (ii) ‘greater than or equal to’, (iii) ‘less than’ or (iv) ‘less than or equal to’ the Automatic Early Redemption Trigger Level; and

‘**Automatic Early Redemption Observation Level**’ means, if Automatic Early Redemption is specified as being applicable in the Final Terms the level specified as such. The Automatic Early Redemption Observation Level may be:

(a) an exchange rate indicated in the Final Terms; or

(b) an Aggregate Interest Amount specified in the applicable Final Terms.

If the Automatic Early Redemption Observation Level is specified in the applicable Final Terms as being an exchange rate such rate will be calculated as an amount equal to the arithmetic mean of the offered rate and bid rate of exchange appearing on the relevant FX Screen Page at the Relevant Time as indicated in the applicable Final Terms on an Interest Determination Date for the exchange of the Specified Currency into the Base Currency (expressed as the number of units (or part units) of the Specified Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Specified Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time as specified in the applicable Final Terms on an Interest Determination Date of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent).

If the Automatic Early Redemption Observation Level is specified in the applicable Final Terms as being an Aggregate Interest Amount such amount will be calculated as the sum of (i) the Interest Amount (per Calculation Amount) on any Interest Determination Date and (ii) all previously accrued Interest Amounts (per Calculation Amount) for the applicable Tranche of Notes.

‘**Automatic Early Redemption Observation Period**’ means if Automatic Early Redemption is specified as being applicable in the Final Terms, the period described as such in the applicable Final Terms.

‘**Automatic Early Redemption Trigger Level**’ means, if Automatic Early Redemption is specified as being applicable in the Final Terms, the trigger level specified as such. The Automatic Early Redemption Trigger Level may be:

(a) an exchange rate indicated in the Final Terms; or

(b) a Target Redemption Amount specified in the applicable Final Terms.

If the Automatic Early Trigger Level is specified in the applicable Final Terms as being an exchange rate such rate will be calculated as an amount equal to the arithmetic mean of the offered rate and bid rate of exchange appearing on the relevant FX Screen Page at the Relevant Time as indicated in the applicable Final Terms on an Interest Determination Date for the exchange of the Specified Currency into the Base Currency (expressed as the number of units (or part units) of the Specified Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic average (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Specified Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time as specified in the applicable Final Terms on an Interest Determination Date of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent).

If the Automatic Early Trigger Level is specified in the applicable Final Terms as being a Target Redemption Amount the Target Redemption Amount will be specified in the applicable Final Terms in the Specified Currency.

‘**Base Currency**’ has the meaning specified in the applicable Final Terms.

7.10 Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Bearer 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 and/or the Registrar for cancellation.

7.11 Cancellation

All Notes which are redeemed will subject to Condition 7.10 above 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 Condition 6.9 above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be re-issued or resold.

7.12 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 Conditions 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 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 Condition 7.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts Talons and Coupons by the Issuer will be made without withholding or deduction for any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Final Terms either:

(a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Receipts, Talons or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts, Talons 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, Talons or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts, Talons 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, Talon or Coupon:

i. to a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or

ii. to 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 who could avoid such withholding or deduction by providing information or a certification concerning nationality, residence, or identity or satisfying any other information or reporting requirement imposed by the relevant tax authority; or

iii. presented for payment, where presentation is required, 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; or

iv. where such withholding or deduction is in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property tax or any similar tax, assessment or governmental charge; or

v. where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the EU Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, including, but not limited to, any law or measure similar to the requirements set forth in the EU Savings Directive as adopted by Switzerland in relation with the EU Savings Directive; or

vi. presented for payment, where presentation is required, by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt, Talon or Coupon to another Paying Agent in a Member State of the European Union.

For the avoidance of doubt, no additional amounts will be paid by NWB Bank or any Paying Agent on account of any deduction or withholding from a payment on, or in respect of, the Notes where such deduction or withholding is imposed pursuant to, or in connection with, 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 Principal Paying Agent or the Registrar, as the

case may be, 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 14.

Any reference in these Terms and Conditions to principal and/or interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or any undertaking given in addition thereto or in substitution therefore.

9. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of five years (in the case of both principal and interest) after the Relevant Date (as defined in Condition 8) 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 5.2 or any Talon which would be void pursuant to Condition 6.3.

10. EVENTS OF DEFAULT

If any one or more of the following events (each an 'Event of Default') shall have occurred and be continuing:

(a) default is made for more than 14 days in the payment of interest or principal in respect of the Notes; or

(b) 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

(c) an encumbrancer takes possession of the whole or a major part of the assets of the Issuer, or a distress or execution or other process is levied or enforced upon or sued out against the whole or a major part of the assets of the Issuer or an executory attachment ('*executoriaal beslag*') is made on any major part of the Issuer's assets or a conservatory attachment ('*conservatoir beslag*') is made thereof and in any of the foregoing cases it is not cancelled or withdrawn within 30 days; or

(d) any order is made by any competent court or other authority or resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets or the Issuer enters into a composition with its creditors, files a petition for a suspension of payments, admits in writing that it cannot pay its debts generally as they become due, initiates a proceeding in bankruptcy, or is adjudicated bankrupt,

then any Noteholder may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare the Notes 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 7.5), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

11. 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 applicable Principal Paying Agent at its office outside the United States (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) 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.

12. AGENTS

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

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) so long as the Notes are listed on any stock exchange, or admitted to listing by any other relevant authority there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or listing authority;

(b) there will at all times be a Paying Agent with a specified office in a city in continental Europe;

(c) there will at all times be a Principal Paying Agent and a Registrar;

(d) so long as any of the Registered Global Notes payable in a Specified Currency other than US Dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and

(e) the Issuer will use reasonable efforts to appoint and maintain a Paying Agent with a specified office in a country in Europe which is not obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6.6. 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 14.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent at its office outside the United States 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 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date (on which the final Coupon comprised in the relative Coupon sheet matures).

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published (i) in at least one daily newspaper of wide circulation in the Netherlands (which is expected to be '*Het Financieele Dagblad*'), (ii) if so specified in the applicable Final Terms, in a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times) and (iii) if and for so long as the Bearer Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the website of the Luxembourg Stock Exchange. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Note(s) representing the Notes is or are held in its or their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable, be substituted for such publication in such newspaper(s) referred to above, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable, for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable.

Where the identity of all the holders of the Notes is known to the Issuer, the Issuer may (provided that, in the case of any publication required by a stock exchange or listing authority, that stock exchange or listing authority agrees) give notices individually to such holders in lieu of publication as provided above.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying 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 Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

15. 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 a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in principal 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 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal 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 canceling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of 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 principal 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 Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(a) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or

(b) 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 Netherlands.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. 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, provided that (i) in the case of Notes which were issued in accordance with the TEFRA D Rules that are initially represented by a Temporary Bearer Global Note exchangeable for interests in a Permanent Bearer Global Note or Definitive Bearer Notes, such consolidation can only occur following the exchange of interests in the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note or Definitive Bearer Notes upon certification of non U.S. beneficial ownership and (ii) in the case of Registered Notes, if such further notes are not fungible with the previously issued Registered Notes for U.S. federal income tax purposes, the further notes will have a separate common code, ISIN, CUSIP and CINS (where applicable) from such numbers assigned to the previously issued Registered Notes.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the court (*Rechtbank*) and its appellate courts at The Hague, the Netherlands. 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 (including a dispute relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons) may be brought in any other court of competent jurisdiction.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes (which include profit making).

NEDERLANDSE WATERSCHAPSBANK N.V.

Overview

NWB Bank is a specialized lender to the public sector primarily in the Netherlands, providing short term and long term financing to water boards, municipal and provincial authorities as well as to other public sector institutions such as social housing corporations, healthcare and educational institutions. NWB Bank believes it is a key bank for the Dutch public sector, fulfilling a critical role supported by the Dutch State.

As of 31 December 2012, NWB Bank had total assets of €76,084 million (€67,696 million as of 31 December 2011) and total equity of €1,226 million (€1,188 million as of 31 December 2011). For the full year ended 2012 NWB Bank had net profit of €40 million (€75 million as of 31 December 2011).

History and Corporate Organization

NWB Bank was established in 1954 as a specialized lending institution to provide Dutch water boards with long-term and short-term funding at cost-efficient levels. NWB Bank has subsequently extended its lending activities to other public sector entities, particularly municipal and provincial authorities and social housing corporations which are guaranteed (indirectly) by the Dutch State. NWB Bank's long-term debt securities are rated AAA by Standard & Poor's and Aaa by Moody's. See 'Ratings' below.

NWB Bank was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on 5 May 1954. Its legal name is Nederlandse Waterschapsbank N.V. and its trade name is NWB Bank. The duration of NWB Bank is unlimited. It is registered in the trade register of the Chamber of Commerce (*Kamer van Koophandel*) for Den Haag under No. 27049562. NWB Bank's ownership is restricted to the State of the Netherlands and other public entities. 81% of NWB Bank's shares are held by 24 water boards (*waterschappen*), the Dutch State's shareholding is 17% and 9 Dutch provinces hold the remaining 2%. NWB Bank is established in The Hague and has no branches.

NWB Bank's registered office is at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. Its telephone number is +31 70 4166266. NWB Bank is authorized by DNB to pursue the business of a credit institution (*kredietinstelling*) in the Netherlands and is consequently supervised by DNB. In addition, for purposes of market conduct supervision, NWB Bank is also supervised by the AFM. See 'Supervision and Regulation' below.

Purpose

NWB Bank's activities are characterized by its specialized purpose as a leading financial services provider for the Dutch public sector. As NWB Bank's shareholders are public authorities, NWB Bank is positioned as part of and plays an important role in the Dutch public sector. NWB Bank's principal business activities include providing loans to municipal, provincial and other public authorities such as water boards, and other legal entities which are guaranteed and/or controlled by central or other public authorities. NWB Bank also provides its shareholders with funds transfer and electronic banking services.

Pursuant to Article 2 of NWB Bank's articles of association (*statuten*) (the 'Articles of Association'), the object of NWB Bank is to engage in banking operations for the benefit of the public sector by granting loans and other corollary financial services to (i) provinces (*provincies*), municipalities (*gemeenten*), water boards (*waterschappen)*, (ii) other bodies governed by public law and equivalent bodies, (iii) legal entities and other bodies operating publicly which are guaranteed and/or controlled by public bodies as referred to under (i) or (ii), or (iv) legal entities and other bodies operating within the context of, among other things, public-private partnerships ('PPP') of which the operating income is solely or substantially provided or guaranteed by public bodies or entities as referred to under (i), (ii) or (iii). The Articles of Association limit the lending activities of NWB Bank to granting loans to public bodies and entities as referred to under (i)-(iv). NWB Bank is empowered to perform all acts which may be conducive to its object.

Strategy

Ever since it was incorporated in 1954, NWB Bank has operated as a bank of and for the Dutch public sector. NWB Bank has rigorously maintained its strategic concept of being one of the major financial service providers in the public arena, and aims to provide its public sector clients with maximum access to funding and offer interest rate benefits on their loans. Pursuit of profit is not one of NWB Bank's primary drivers.

NWB Bank believes it is able to maintain its strategy through its efficient, high-quality and committed organization, which has good sourcing positions in the international money and capital markets due to its AAA ratings. NWB Bank's important role in the Dutch public sector is reflected by its well-established track record and high market share in lending activities for public sector institutions such as social housing, water boards, healthcare and educational institutions. This positions NWB Bank to provide stable and low-cost financing to and for the Dutch public sector with ensuing broader public benefits. Important strategic prerequisites for achieving these objectives include:

- continuing ownership by the Dutch State and other public authorities as set out in NWB Bank's Articles of Association;
- continuing restriction on NWB Bank's operations as set out in the Articles of Association;
- maintaining its (AAA) credit rating;
- retaining a transparent and robust financial position;
- continuing provision of low-cost and competitive funding;
- maintaining its low risk profile;
- maintaining access to the international capital markets;
- maintaining professional asset and liability management;
- maintaining efficient and low cost operational management;
- maintaining a sound interest margin;
- maintaining excellent corporate governance standards and implementation;
- providing sustainable solutions; and
- leading in the area of corporate social responsibility.

With its specialized services, NWB Bank continues to benefit from maintaining its operations primarily within the public sector. Loans to many (semi) public sector entities have been categorized by DNB as having a zero percent risk weighting for capital requirement purposes meaning that such loans do not affect NWB Bank's capital requirements or are considered 'solvency-free' to NWB Bank, which is reflected in NWB Bank's limited credit risk as expressed by its robust BIS solvency ratio. NWB Bank has large lending market shares in certain segments of the Dutch public sector, in particular in lending to social housing associations and water boards, where it will seek to maintain its substantial market share. NWB Bank will strive to expand its strong market share in lending to Dutch municipal authorities and housing associations and other solvency free lending. See 'Competition' below. Going forward, NWB Bank plans to respond to the increasing need seen among its borrowers for long-term financing in a public-private partnership model in areas such as renewable energy and land and water-based infrastructure projects.

NWB Bank will continue to concentrate on being responsive to the changing financial needs of its clients and developing flexible and dynamic solutions, including assistance in such areas as treasury policy, loan portfolio management, and developing customized funding structures and project finance for public-private partnerships.

NWB Bank also aims to conduct its business operations and the development of new financial products in a sustainable manner and reflecting enhanced levels of corporate social responsibility and good corporate governance.

Competition

NWB Bank's main competitors are N.V. Bank Nederlandse Gemeenten ('BNG'), another Dutch public sector lender, that is nearly twice NWB Bank's size, and, to a far lesser extent, commercial banks. Other competitors include insurance companies and pension funds.[8] Due to the small margins generally earned on public sector lending and in part due to the global economic and financial crisis, most commercial banks have withdrawn from this market, as their relative funding costs exceed borrowing rates otherwise available to the public sector.

As at 31 December 2012, NWB Bank had a market share of approximately 18% of the Dutch municipal sector as measured by aggregate loans and advances made. As at 31 December 2012 NWB Bank also benefited from high market shares in lending to Dutch housing associations (36%), Dutch water boards (82%) and Dutch healthcare entities (18%) as measured by aggregate loans and advances made.[9] NWB Bank expanded its market share in the Dutch housing sector (2011: 34%), while market shares for water boards, other local authorities and the healthcare sector remained at the high level of previous years. NWB Bank competes on the basis of favorable pricing and swift response to its clients' needs.

Products and Services

Loans and Advances

NWB Bank's primary business is providing loans and advances to Dutch public sector institutions. NWB Bank's borrowers are mainly public authorities and institutions to which funds are lent under the guarantee of public authorities. In addition, NWB Bank holds a limited portfolio of securities comprised mainly of bonds issued or guaranteed by public sector institutions. A relatively small proportion of loans is provided to Dutch utility companies. Credit exposure on loans and advances to public authorities is extremely low as the majority of the loans and the securities portfolio consist of receivables from or guaranteed by public authorities with a zero percent risk weighting from DNB making it 'solvency-free'. NWB Bank has never suffered a loan loss. NWB Bank also lends in limited amounts to governments in other Western European countries applying the same quality standards as for domestic lending. At 31 December 2012, lending outside of the Netherlands represented less than 1% of NWB Bank's total public sector loans and receivables. NWB Bank's Articles of Association prohibit all lending to privately owned entities, except that, since the amendment to the Articles of Association on 29 April 2013, NWB Bank is permitted to extend long-term financing in a public-private partnership ('PPP') model. Any loans to be extended under this PPP model will carry a higher weighted credit risk.

Against the backdrop of the global economic and financial crisis followed by the Eurozone sovereign debt crisis, NWB Bank's strong capital position and continued access to the capital markets and other financing sources ensured that NWB Bank was in a position to maintain and reinforce its position as a stable and dependable lender to its clients which allowed it to continue to provide long-term funding to local authorities and public sector institutions at competitive rates.

The weak economic conditions in recent years with the resulting high unemployment rates, depressed property markets and pressure on disposable incomes, have slowed investment and consumer spending, which in turn has had an adverse effect on the demand for long-term lending in almost all segments of the Dutch public sector. With credit and liquidity risk spreads for longer-term loans remaining in excess of the pre-global economic and financial crisis rates, borrowers remained conservative in 2010, although increased lending to social housing associations in anticipation of new EU rules on state aid boosted lending. Due to the sovereign debt crisis and continued slow

[8] These comparisons with the Issuer's competitors are mainly based on an analysis of (i) figures provided by the Centraal Bureau voor Statistiek, (ii) figures provided by Stichting Waarborgfonds Sociale Woningbouw ('**WSW**') and Stichting Waarborgfonds voor de Zorgsector ('**WfZ**') respectively and (iii) publications, such as annual reports, of the Issuer's main competitors like BNG.

[9] The Issuer's market shares are mainly based on an analysis of figures provided by the Centraal Bureau voor Statistiek, WSW and WfZ.

growth of the Dutch economy these conditions persisted in 2011. Although NWB Bank experienced an increase in its lending activities in 2012 (primarily as a result of new long-term lending in the social housing sector), long-term lending volumes have not yet returned to pre-global economic and financial crisis levels, and investment levels of NWB Bank's public sector clientele remain under pressure. Despite these difficult conditions NWB Bank maintained its position as a leading lender to the Dutch public sector with new long-term lending[10] to client groups of €5,687 million, €5,145 million and €7,075 million in 2012, 2011 and 2010[11], respectively.

The table below sets forth NWB Bank's new long-term lending[12] (and the amount thereof subject to capital adequacy requirements) in the periods ended 31 December, 2012, 2011 and 2010.[13]

	New long-term Lending				Of which subject to capital adequacy requirements			
	Outstanding	2012	2011	2010	Total	2012	2011	2010
				(in millions of €)				
Water boards	4,868	451	676	479	–	–	–	–
Municipal authorities	6,819	590	708	997	–	–	–	–
Social housing corporations	31,492	4,229	3,219	5,066	–	–	–	–
Healthcare institutions	3,509	312	391	410	–	–	–	–
Joint schemes	224	23	23	26	–	–	–	–
Government-controlled limited liability companies	257	24	70	80	174	24	70	80
Other	973	58	58	17	8	–	–	8
Total	48,142	5,687	5,145	7,075	182	24	70	88
Growth in new long-term lending of which solvency-free	–	5,663	5,075	6,987	–	–	–	–

Other Services

NWB Bank also provides payment services and fund transfers. NWB Bank offers these services exclusively to its shareholders, the majority of which are water boards.

Customers

Social Housing

NWB Bank provides long-term loans to social housing associations all of which are guaranteed by WSW, a social housing fund whose purpose is to enable housing associations qualifying as registered institutions (*toegelaten instellingen*) to borrow funds at reduced costs so as to facilitate their role in the social housing market. WSW can guarantee (*zich borg stellen*) payment obligations of registered institutions that fulfill certain conditions set by WSW and are registered participants of WSW. The State of the Netherlands and a number of Dutch municipalities have

[10] The term 'new long-term lending' includes the aggregate nominal amount of new loans to clients for the stated period as well as the amount of value adjustments related to previously issued loans adjusted to give effect to changes in interest rates that have been adjusted during the stated period.

[11] Derived from NWB Bank's internal management information.

[12] The term 'new long-term lending' includes the aggregate nominal amount of new loans to clients for the stated period as well as the amount of value adjustments related to previously issued loans adjusted to give effect to changes in interest rates that have been adjusted during the stated period.

[13] Derived from NWB Bank's internal management information.

committed to provide WSW with interest free loans in case WSW's liquidity forecast shows that, taking into account reasonably expected claims against WSW in its capacity as guarantor and any other reasonably expected claims against WSW, the net assets of WSW would be less than 0.25% of the total amount guaranteed by WSW.[14]

Social housing associations provide approximately 30% of all available housing in the Netherlands. The housing associations meet their funding needs through borrowing from banks, such as NWB Bank, and generate income through the collection of rents and through the sales of housing and condominium projects, which includes both rental properties and privately owned homes. The Central Fund for Public Housing ('CFV') is responsible for the financial supervision of this sector. WSW guaranteed loans are zero percent risk weighted by DNB.

Healthcare institutions

NWB Bank provides financing solutions to public and semi-public healthcare institutions such as hospitals. All of NWB Bank's long-term loans to the healthcare sector are guaranteed by WfZ. WfZ can guarantee (*zich borg stellen*) payment obligations of certain entities which exploit accredited (*toegelaten*) health care institutions, fulfill the conditions set by WfZ and are registered participants of WfZ. Subject to certain other conditions, the State of the Netherlands has committed to provide WfZ with loans if WfZ's assets less liabilities (as calculated pursuant to WfZ's agreement with the State of the Netherlands) fall below certain pre-determined levels.[15] In July 2012, Standard & Poor's confirmed its AAA rating of WfZ. As is the case with NWB, Standard & Poor's has assigned WfZ a negative outlook due to its link to the Dutch State.

Municipal and provincial authorities

A significant component of NWB Bank's client base is comprised of municipal and provincial governments in the Netherlands. Dutch local authorities are generally not individually rated by ratings agencies and generally are unable to access the capital markets directly. Accordingly, local authorities generally manage their funding needs by borrowing from individual lenders such as NWB Bank and BNG. The local authorities repay their loans using income raised from local taxes and fees received for local services. Loans to Dutch municipalities are zero percent risk weighted by DNB.

Water Boards

NWB Bank's share in the Dutch water board loan market remains high. Water boards are local government authorities with control of a region's water resource management. Netherlands water boards have a similar legal status to Dutch municipalities. Their functions vary depending on location and size, but their responsibilities generally include water charging and financing, managing bulk water supply, water quality, control of urban waste water and flood control. The water boards receive financing primarily from NWB Bank and also benefit from government funding. They generate revenues from taxes levied on users. Although the water boards do not benefit from a public guarantee scheme, they have nonetheless been designated as having a zero percent risk weighting by DNB.

Other public utilities

A relatively small proportion of loans is provided to other Dutch utility companies. These utilities have their own credit ratings. Depending on the nature of the loans to utilities they carry a risk weighting by DNB of between 20% and 100%.

Ratings

NWB Bank's long-term debt securities are rated AAA (Negative) by Standard & Poor's and Aaa by Moody's. An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its

[14] This information is based on public information provided by WSW through www.wsw.nl.

[15] This information is based on public information provided by WfZ through www.wfz.nl.

financial commitment on the obligation is considered to be extremely strong.[16] In January 2012, while confirming the AAA rating, Standard & Poor's placed NWB Bank on 'negative outlook', following the outlook designated to the State of the Netherlands. In November 2012, Standard & Poor's lowered its rating of the Dutch banking sector and placed NWB Bank's long-term rating on credit watch, but cancelled this action one month later based on a reassessment of NWB Bank's role in relation to the Dutch government from very important to critical. Due to its public-sector role, Standard & Poor's considers NWB Bank a 'government-related entity' with an almost certain likelihood of extraordinary government support and accordingly links NWB Bank's rating to that of the State of the Netherlands. Accordingly, any future rating action taken by Standard & Poor's with respect to the State of the Netherlands can be expected to impact NWB Bank's ratings. Moody's long-term ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.[17]

Tranches or Series of Notes issued under the Program may be rated or unrated. Where a Tranche or Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Program. 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 Base Prospectus, each of Standard & Poor's and 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 to be issued under the Program may be specified in the applicable Final Terms. Whether or not each 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 Final Terms. See '*Risk Factors – Factors that may affect NWB Bank's ability to fulfill its obligations under Notes issued under the Program – Ratings downgrades and other ratings actions could have an adverse impact on NWB Bank's operations and financial condition' and 'Risk Factors – Risks Related to the market for the Notes – Credit rating risks*'.

Employees

NWB Bank had 44 employees on a full-time equivalent basis (including the three members of the Managing Board) as at 31 December 2012, all of which were employed in the Netherlands. Substantially all of NWB Bank's employees are subject to collective labor agreements covering the banking industries. NWB Bank believes that its employee relations are good.

Risk Management

Risk Management framework

Risk management is central to NWB Bank's business. Risk awareness is an important element of NWB Bank's business culture and is embedded in NWB Bank's long-term strategy. The organization is designed to identify risks at an early stage, analyze them, set sensible limits and monitor those limits. NWB Bank's strategy places strict requirements on risk management and on the set-up and maintenance of adequate internal controls. NWB Bank has adopted an organization-wide approach to risk management and its control. The Managing Board sets the risk management parameters. Within these parameters, the Asset and Liability Committee ('ALCO') takes weekly decisions on the risks of NWB Bank. The Managing Board, public finance, treasury, risk management, finance & control and back office are represented on the ALCO. As an important element of its supervisory role, the Supervisory Board, and in particular the Audit and Risk Committee of the Supervisory Board, evaluates the management of the risks associated with the banking operations. See '*Risk Factors – NWB Bank's risk management methods may leave it exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities*'.

[16] http://www.standardandpoors.com/ratings/articles/en/us/?assetID=1245299850426.

[17] http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

NWB Bank's most important financial risks are interest rate, liquidity and credit risks. NWB Bank employs a very prudent approach to managing these risks. NWB Bank believes that its internal risk controls and risk management systems are adequate and effective. The Dutch Banking Code (2010) (*Banken Code*), which was drawn up by the Dutch Association of Banks and originates from recommendations in response to the global economic and financial crisis of the Dutch Advisory Committee on the Future of Banks, and the amendments to the Dutch Corporate Governance Code, offers guidance for improving risk management processes. In accordance with the Dutch Banking Code (2010)'s recommendations, which took effect on 1 January 2010, NWB Bank, amongst others, defined its risk appetite more specifically, set up a program for continuing education for the members of the Managing Board and Supervisory Board and further formalized the product approval process. In conformity with the Dutch Banking Code (2010), NWB Bank's risk appetite is documented under the Managing Board's responsibility by degree and areas in which NWB Bank is prepared to accept risk and the documentation is subsequently approved by the Supervisory Board. NWB Bank reviews its risk appetite annually and whenever significant events warrant such review. The product approval process, which is followed whenever new products are launched, new markets are entered into or new services are offered involves a review of transparency and risk management. Where the launch of a new product or service or the entry of a new market has a substantial impact on NWB Bank's risk profile or strategy, approval from the Supervisory Board is required.

Management of main risks

Interest rate risk is monitored on a daily basis using basis point value ('DV01') limits, an earnings at risk model and a gap analysis, and, on a periodic basis, using scenario analysis. Outcomes from positions adopted are analyzed using a profit forecast, interest margin analysis and performance analysis. The range of interest rate risk management instruments was revised at the beginning of 2012, prompted in part by the transition in 2011 from IFRS-EU to Dutch GAAP. Until 2012, NWB Bank used a (partial) duration analysis to assess its interest rate risk for the total term of its portfolio. Partial (duration) analysis is a measure of the fair value of the instrument's sensitivity to non-parallel changes in the yield curve. Duration served as a measure for NWB Bank's entire portfolio related to the fair value of equity. Effective 2012, the DV01 analysis is used as a measure of total-term interest rate risk. DV01 is an absolute measure derived from duration, indicating the change in price or fair value, expressed in monetary units, of the instrument caused by a one basis point (0.01%) change in the yield curve. NWB Bank has set an interest-rate exposure limit of €1.5 million total interest-rate risk, measured as DV01, for its entire portfolio. At year-end 2012, the DV01 interest rate exposure stood at €1.2 million. NWB Bank's hedge portfolio interest rate sensitivity is managed using a range of DV01 limits for different time intervals, with the aim of mitigating the risk of hedge ineffectiveness. In 2012 NWB Bank assessed its short-term interest rate risk by use of the Earnings at Risk measure. This is a simulation measure, comparing the expected net interest income or loss for the next twelve months under various interest rate scenarios with the outcome calculated using a base case scenario. NWB Bank's policy is to manage the interest rate risk bank-wide by using interest rate swaps and other derivative instruments for both the asset and the liability side of the balance sheet, in which NWB Bank agrees to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount.

NWB Bank's liquidity position is monitored daily. The aim of liquidity management is to ensure that there are sufficient funds available for NWB Bank to meet not only foreseen, but also unforeseen financial commitments. NWB Bank's management is informed daily by means of a liquidity gap analysis, containing differences between the cash flows receivable and payable. The standard has been periodically further refined, to better meet the need for limiting actual short-term liquidity deficits. NWB Bank has also introduced a maximum for the absolute liquidity deficit or borrowing requirement at any point in the future.

With regard to credit risk, NWB Bank focuses on maintaining an extremely high-quality loans portfolio. NWB Bank's borrowers are mainly public authorities and institutions to which funds are lent under the guarantee of public authorities (including a limited securities portfolio). A relatively small proportion of loans is provided to government controlled companies without government guarantees (Dutch utility companies). NWB Bank also lends in limited amounts to governments in other Western European countries, applying the same quality standards as for domestic lending. NWB Bank applies no credit limits for Dutch public authorities. All other loans are included in the credit assessment system of NWB Bank. If a credit limit is set for a counterparty, it is adjusted annually, or as

often as necessary, in line with the latest developments. NWB Bank has never suffered a loan loss. To manage the

Name	Born	Appointed	Position
R.G.C. van den Brink	1948	2002	Chairman
E.F. Bos	1959	2008	Member
P.C.G. Glas	1956	2011	Member
V.I. Goedvolk	1944	2004	Member
B.J.M. baron Van Voorst tot Voorst	1944	2009	Member
J.J.M. Jansen	1954	2010	Member
A.F.P. Bakker	1950	2012	Member
A. van Vliet-Kuiper	1951	2012	Member
M.B.G.M. Oostendorp	1956	2012	Member

interest rate and currency risks, NWB Bank uses derivatives. To limit the credit risks associated with these derivatives as much as possible, in principle, NWB Bank only enters into transactions with counterparties with an A rating at a minimum and limits are set to minimize the total exposure from derivatives.

Transactions NWB Bank enters into with financial counterparties, give rise to counterparty risks. These are confined by imposing limits and using a framework of standard requirements, as well as by concluding risk-mitigating netting and collateral agreements with financial counterparties. Portfolio management, monitoring and collateral management were stepped up in recent years with respect to individual derivatives portfolios for all counterparties, as well as for the total derivatives portfolio. For example, risk concentrations in the swap portfolio are assessed and managed on a DV01 basis and the portfolios are spread across rating categories and countries monitored.

The main components of operational risks of NWB Bank are losses incurred due to disruptions to the information system, transaction processing and settlement systems, and ineffective procedures, particularly with respect to new services or products, as well as fraudulent and/or unauthorized actions on the part of staff or third parties. These risks are actively monitored and managed.

For further information on NWB Bank's risk management policies please see note 34 'Risk management' to the Financial Information incorporated by reference herein.

Managing Board and Supervisory Board

The Managing Board currently consists of three members, and the Supervisory Board currently consists of nine members.

The tables below set forth the members of the Managing Board and the Supervisory Board, their year of birth, the year of their initial appointment and their position. The members of the Supervisory Board and the Managing Board are appointed by the Annual General Meeting of Shareholders on the nomination of the Supervisory Board. All members of the Managing Board and the Supervisory Board have their business address at the registered office of NWB Bank.

Managing Board

Name	Born	Appointed	Position
R.A. Walkier	1953	2008	Chairman of the Managing Board
L.M.T. van Velden	1964	2010	Member of the Managing Board
F.J. van der Vliet	1967	2012	Member of the Managing Board

Supervisory Board

Set out below are brief biographies of the members of the Managing Board and the Supervisory Board. Members of the Managing Board are generally appointed for a four year period and can be reappointed for a further term of four years. Members of the Supervisory Board are generally appointed for a four year period and can be reappointed for a further term of four years, on the understanding not more than twice.

Managing Board

R.A. Walkier, Chairman

First appointed to the Managing Board on 1 February 1993 and appointed as Chairman of the Managing Board on 24 April 2008. Mr. Walkier was reappointed in accordance with the nomination of the Supervisory Board on 26 April 2012 as Chairman of the Managing Board for a four year period. Mr. Walkier is also a board member of Stichting Beheer van het Gemeeneland.

Mrs. L.M.T. van Velden, Member

Appointed to the Managing Board on 23 April 2009 (and commencing as a Managing Board member as of 1 January 2010). Mrs. van Velden's appointment as a Member of the Managing Board is for a four year period. At the general meeting held on 25 April 2013 Mrs. van Velden was reappointed for a second term commencing as of 1 January 2014. Mrs. van Velden is also a member of the supervisory committee of the University of Amsterdam, Advisor to the supervisory committee of the Amsterdam University of Applied Sciences and a member of the audit committee of the Dutch Ministry of Education, Culture and Science.

Mr. F.J. van der Vliet, Member

Appointed to the Managing Board on 24 November 2011 (and commencing as a Managing Board Member as of 1 January 2012). Mr van der Vliet's appointment as a Member of the Managing Board is for a four year period.

Supervisory Board

Mr. R.G.C. van den Brink, Chairman

Appointed on 21 May 2002 and appointed as Chairman of the Supervisory Board on 22 April 2010. Mr. van den Brink's term of office ends in 2014. Mr. van den Brink is a member of the Audit and Risk Committee and the Remuneration and Appointment Committee. He is a former Chief Economic Adviser of the Managing Board of ABN AMRO Bank N.V. Mr. van den Brink is a professor of Financial Institutions at the University of Amsterdam and a member of the Supervisory Boards of Akzo Nobel N.V., Legal & General Nederland N.V. and KBC Bank, Belgium.

Mrs. E.F. Bos, Member

Appointed on 24 April 2008 and reappointed on 26 April 2012 for a four year period. Mrs. Bos is eligible for reappointment in 2016. Mrs. Bos is a member of the Audit and Risk Committee. Mrs. Bos is Chief Executive Officer (CEO) of PGGM N.V., a member of the Supervisory Board of Stichting Waarborgfonds Eigen Woningen, a member of the Supervisory Committee of Isala Klinieken and a member of the Boards of Directors of Sustainalytics B.V., UN-PRI (United Nations Principles on Responsible Investments) and ICPM Canada.

Mr. P.C.G. Glas, Member

Appointed on 28 April 2011 and eligible for reappointment in 2015. Mr. Glas is Water Reeve of Water Board De Dommel. He is Chairman of the Dutch Association of Water Boards, a member of the Board of the Noord-Brabant Association of Water Boards and a member of the Recommendations Committee of the Association for Water Management and Land Use.

Mr. V.I. Goedvolk, Member

Appointed on 13 May 2004. Mr. Goedvolk's term of office ends in 2015. Mr. Goedvolk is the Chairman of the Audit and Risk Committee. He is a former board member of Fortis ASR N.V. Mr. Goedvolk is a member of the Supervisory Boards of UCN N.V., and VvAA Groep B.V, a member of the Board of Urenco Ltd., a member of the Supervisory Committee of Waarborgfonds voor de Zorgsector and the Chairman of the Supervisory Board of Loyalis N.V.

Mr. B.J.M. baron Van Voorst tot Voorst, Member

Appointed on 23 April 2009. At the general meeting held on 25 April 2013 Mr. baron Van Voorst tot Voorst was reappointed for a second term commencing as of 1 January 2014. Mr. baron Van Voorst tot Voorst is eligible for reappointment in 2017. Mr. baron Van Voorst tot Voorst is the Chairman of the Remuneration and Appointment Committee. Former governor of the Netherlands province of Limburg. Mr. baron Van Voorst tot Voorst is a member of the Supervisory Boards of NIBA Beheer N.V. and Huco handel- en Scheepvaartmaatschappij N.V.

Mr. J.J.M. Jansen, Member

Appointed on 22 April 2010 and eligible for reappointment in 2014. Mr. Jansen is a member of the Remuneration and Appointment Committee. He is a member of the Netherlands Council of State (*Raad van State*) and Deputy Justice of the Tax Chamber of the Leeuwarden Court of Appeal.

Mr. A.F.P. Bakker, Member

Appointed as of 1 January 2012 and eligible for reappointment in 2016. Mr. Bakker is a member of the Audit and Risk Committee. Mr. Bakker most recently held the position of Executive Director at the International Monetary Fund in Washington D.C., United States. He previously held positions at DNB, including that of Financial Markets Director, and he was a crown-appointed member of the Social and Economic Council in the Netherlands. Mr. Bakker is Professor of Monetary and Banking Issues at the VU University Amsterdam. Furthermore, Mr. Bakker is Chairman of the Financial Supervision Authority for Curaçao and Sint Maarten and Chairman of the Financial Supervision Authority for Bonaire, Sint Eustatius and Saba.

Mrs. A. van Vliet-Kuiper, Member

Appointed on 22 November 2012 and eligible for reappointment in 2017. Mrs. van Vliet-Kuiper is a Dyke Reeve of Velt and Vecht Water Board, a member of the Aedes Code Committee, Secretary to the Board of Nationaal Restauratie Fonds and Chair of the Supervisory Committees of Gooise Scholen Federatie and Centrum Maliebaan.

Mr. M.B.G.M. Oostendorp, Member

Appointed on 22 November 2012 and eligible for reappointment in 2017. Mr. Oostendorp is a member of the Executive Board of SNS Reaal, a Deputy Chairman of the Central Statistics Committee and member of the Audit Committee of Statistics Netherlands, a Chairman of the Accountability Council of ABN AMRO Pensioenfonds, a member of the Board of Stichting Bedrijfstakpensioenfonds Zorgverzekeraars (SBZ) and a Supervisory Director of Vektis Beheer B.V.

Managing Board and other members of Senior Management

R.A. Walkier, Chairman of the Managing Board
L.M.T. van Velden, Member of the Managing Board
F.J. van der Vliet, Member of the Managing Board
M.N. Bauman, Human Resources Management
P.L. Bax, Back Office
A.G. van Eijl, Risk Management
A.R.L. Hoogendoorn, Internal Audit
L. Knoester, Public Finance

L.A.F. Kroes, Finance & Control
T.A.J.O. Meuwissen, Treasury
H.N.W. van Rooijen, Legal Affairs
M.H.J. Vaessen, ICT

Conflicts of Interest

As of date of this Base Prospectus, no members of the Managing Board, the Supervisory Board and members of Senior Management have any actual or potential conflict of interest between their duties to NWB Bank and their private interests and/or other duties. Should any potential conflicts of interest arise, the procedures set out below would apply.

Potential conflicts of interest – Managing Board

The Dutch Corporate Governance Code, to which NWB Bank voluntarily adheres, requires that any conflict of interest or apparent conflict of interest between NWB Bank and the Managing Board members shall be avoided. The members of the Managing Board aim to avoid any form or semblance of conflicting interests in the performance of their duties. The regulations of the Managing Board contain a provision that a member of the Managing Board who is confronted with a potential conflict of interest must report it to the Supervisory Board and the other members of the Managing Board and provide all relevant information relating to such potential conflict of interest. A determination as to a conflict of interest is made by the Supervisory Board. The relevant member of the Managing Board will not participate in the deliberations or decision-making regarding the subject in question. In case of a potential conflict of interest, the relevant transactions will be disclosed in NWB Bank's annual report. At present there are no potential conflicts of interest.

It should be noted that the possibility cannot be excluded that in the future Managing Board memberships and additional positions of members of the Managing Board can lead to conflicting interests in the performance of duties. Should that be the case, then the above described procedure will be followed.

Potential conflicts of interest – Supervisory Board

The Dutch Corporate Governance Code, to which NWB Bank voluntarily adheres, requires that any conflict of interest or apparent conflict of interest between NWB Bank and the Supervisory Board members shall be avoided. Decisions to enter into transactions involving conflicting interests of Supervisory Board members that are of material significance to NWB Bank and/or the relevant Supervisory Board members require the approval of the Supervisory Board.

The regulations of the Supervisory Board contain a provision that a Supervisory Board member who is confronted with a potential conflict of interest must report any such instance to the Supervisory Board and provide all relevant information relating to such potential conflict of interest. It is stipulated that the Supervisory Board member in question will not take part in the deliberations or the decision-making regarding the matter. In case of a potential conflict of interest, the relevant transactions will be disclosed in NWB Bank's annual report. At present there are no potential conflicts of interest.

It should be noted that the possibility cannot be excluded that in the future supervisory board memberships and additional positions of members of the Supervisory Board can lead to conflicting interests in the performance of duties. Should that be the case, then the above described procedure will be followed.

Supervision and Regulation

European Supervision and Regulation

The EU Financial Services Action Plan 1999–2005 established the foundations for a single financial market in the European Union and has resulted in many changes with respect to European supervision. In its Strategy on Financial Services for 2005–2010, the European Commission set out its objectives to achieve an integrated and

competitive EU financial market. In that respect, the European Commission proposed to remove remaining barriers, especially in the retail area, to enable the provision of financial services and circulation of capital throughout the European Union in a cost efficient way, intended to result in higher levels of financial stability, consumer benefit and consumer protection. The financial services sector includes EU regulatory policies with respect to three major areas, that is banking, capital markets and asset management.

Capital Requirements Directive

The EU Banking Directive (recast) 2006/48/EC ('Banking Directive') provides rules concerning the taking up and pursuit of the business of credit institutions and their prudential supervision. Pursuant to the Banking Directive, a bank may offer banking services in all Member States under its banking license, through the establishment of a branch office or on a cross-border basis after completing a notification procedure with respect to the relevant Member State ('European Passport').

The Basel II capital accord ('Basel II') sets out the details for adopting risk-sensitive minimum capital requirements for banking organizations. It reinforces these risk-sensitive requirements by laying down principles for banks to assess the adequacy of their capital and for supervisors to review such assessments to determine whether banks have adequate capital to support their risks. It aims to strengthen market discipline by enhancing transparency in banks' financial reporting. Basel II has been implemented into EU law by means of the Capital Requirements Directive ('Capital Requirements Directive'). The Capital Requirements Directive consists in turn of the EU Capital Adequacy Directive (recast) 2006/49/EC ('Capital Directive') and the Banking Directive. Together they set out the capital adequacy requirements that apply to investment firms and credit institutions.

The Capital Requirements Directive is subject to several changes. In September 2009, the Member States and the European Parliament adopted amendments related to own funds, large exposures, supervisory arrangements, qualitative standards for liquidity risk management and securitization. These amendments are known as 'CRD II' and entered into force on 31 December 2010. On 24 November 2010, amendments addressing capital requirements for the trading book and re-securitization, disclosure of securitization exposures, and remuneration policies entered into force through what is known as 'CRD III'. On 16 December 2010, the Basel Committee adopted the final text of the Basel III capital accord, which will replace Basel II and sets out provisions related to higher and better-quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirement, measures to promote the buildup of capital that can be drawn down in periods of stress, and the introduction of two liquidity standards. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, the European Commission proposed a legislative package to strengthen the regulation of the banking sector on 20 July 2011. This package, known as CRD IV, will replace the current Capital Requirements Directives (2006/48 and 2006/49) with a directive and a regulation and aims to create a sounder and safer financial system. On 26 March 2013, the Council and the European Parliament reached agreement on a compromise text on the CRD IV-package. The directive governs amongst other things the access to deposit-taking activities while the regulation establishes the majority of prudential requirements institutions need to respect. On 16 April 2013, the European Parliament approved the proposed CRD IV. On 24 April 2013 the Dutch Ministry of Finance published the legislative proposal for the Act implementing CRD IV for public consultation. It is expected that the implementation of CRD IV will begin to take effect in national legislation as of 1 January 2014 and that the application in full of all measures will have to be completed before 1 January 2019.

CRD IV, through implementation of Basel III, is intended to increase the quality and quantity of capital, increase capital against derivative positions and introduce a capital conservation buffer, a counter-cyclical buffer, a new liquidity framework as well as a leverage ratio and a liquidity coverage ratio. The liquidity coverage ratio addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets (including specific off-balance-sheet items). Under Basel III, the leverage ratio may not fall below 3%, though there is still uncertainty as to the exact implementation of the leverage ratio under CRD IV. The ultimate aim of Basel III/CRD IV is to reduce leverage in order to bring an institution's assets more in line with their capital. The leverage ratio requirements will

be phased in with initially a reporting period, a disclosure obligation as of 1 January 2015 and the migration to a binding requirement on 1 January 2018.

Due to the structure of NWB Bank's balance sheet and its lending mainly to Dutch public sector borrowers with currently zero risk weighting, NWB Bank may not be able to meet the stricter capital and liquidity (ratio) requirements, including the leverage ratio, pursuant to CRD IV. NWB Bank is of the opinion that public sector banks require a bespoke capital requirement framework which takes account of their generally high quality assets. In early 2011, NWB Bank decided that future profits would be added to the reserve to the maximum extent possible as long as the leverage ratio is below the proposed 3% Basel III requirement. NWB Bank believes that the Basel 'one size fits all' approach results in a leverage ratio requirement that is inconsistent with business models and risk profiles of European public sector banks. The new leverage ratio may result in excessive capitalization, which is inefficient and permanently reduces shareholder returns. Since 2010 the Managing Board has been in discussions with the regulatory authorities and expressly objected to applying the 3% leverage ratio. NWB Bank intends, and expects other specialist lenders to the public sector in the Netherlands and other European countries, to advocate for a suitable capital requirement for public sector banks. The authorities have taken cognizance of the objections raised by NWB Bank to the leverage ratio. The CRD IV explicitly states that when reviewing the impact of the leverage ratio on different business models, particular attention should be paid to business models which are considered to entail risk, such as mortgage lending and specialized lending with regional governments, local authorities or public sector entities. NWB Bank therefore believes that specific parties such as public-sector banks may be subject to a more tailored treatment with respect to the leverage ratio. In the run-up to 2018, NWB Bank's policy is geared to gradually approximating the 3% leverage ratio that is still currently expected to become mandatory. Besides retaining future profits, the Bank will consider issuing other capital instruments, such as hybrid debt instruments for increasing its leverage ratio in the years ahead.

In addition to the capital requirements, CRD IV also deals with market access and license requirements for banks. The definition of 'bank' is set out in the CRR, the EU Regulation which will have direct effect in the Netherlands. As a consequence thereof, the Dutch consultation proposal includes a definition of bank and banking license requirement that merely refers to the definition in the CRR, which means that the notion of a bank and the question whether an entity falls within the scope of the banking license requirement is primarily decided at EU the level.

MiFID

In April 2004, the Markets in Financial Instruments Directive 2004/39/EC ('MiFID') came into force. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID harmonizes conduct of business rules, including best execution, conflict of interest and customer order handling rules. MiFID abolishes the concentration rule, creating a more competitive regime between order execution venues. It furthermore imposes market transparency rules on investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for equities. MiFID also has consequences for intermediaries in financial products. It envisages, *inter alia*, a way to harmonize regulation in respect of commission payments and remuneration transparency. MiFID prescribes inducement rules which should lead to appropriate commissions. These rules are intended to better protect customers if they wish to purchase certain financial products, such as complex structured products and mortgage loans and to avoid reward-driven advice issued by intermediaries since intermediaries are often paid by the provider of the financial product. MiFID will be amended by MiFID II in, according to expectations, 2013. It is consequently expected that MiFID II will be transposed into national law in 2015. MiFID II will amongst others change the rules in relation to post-trade transparency data, delays in the publication of such data, selling practices for certain financial instruments, investors and intermediaries protection, supervision of tied agents and related issues, pre-trade transparency regime for organized markets, the obligations for systemic internalizers and the application of transparency obligations to equity-like instruments. Certain options and discretions of MiFID will be eliminated.

PSD

In November 2007, the Payment Services Directive 2007/64/EC ('PSD') was formally adopted. The PSD aims to open up payment services to competition from newly licensed payments institutions and to increase consumer

protection by introducing information requirements and uniform operational rules for payment service providers. The PSD, applicable in the European Union to all payments in Euro and other Member States' currencies, lays the foundation for the creation of a single market in payments and constitutes the legal framework for a single Euro payments area.

Anti-Money Laundering

The third Anti-Money Laundering Directive 2005/60/EC, adopted in November 2005, aims to implement 40 recommendations of the Financial Action Task Force (an intergovernmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing). It follows a risk-based approach under which all measures aimed at preventing money laundering must be applied on a proportionate basis, depending on the type of customer, business and other considerations. On 1 January 2007, the regulation which transposes the Financial Action Task Force Special Recommendation VII on 'wire transfers' into EU legislation came into force. The regulation sets out rules on information on the payer accompanying transfers of funds, in order to allow basic information to be immediately available to the authorities responsible for combating money laundering and terrorist financing.

Acquisitions Directive

Directive 2007/44/EC (the 'Acquisitions Directive') was adopted in September 2007 and provides for a limited list of grounds for refusal of an application for a declaration of no objection with respect to, amongst others, the acquisition of a qualified holding in a bank. Pursuant to the Acquisitions Directive, the relevant supervisory authority must assess the suitability of the proposed entity that wishes to acquire a qualified holding and the financial soundness of the proposed acquisition on the basis of criteria such as reputation of the proposed acquirer and whether the bank will be able to comply and continue to comply with prudential requirements (as set out in more detail below). Pursuant to the Acquisitions Directive, the supervisor may only oppose the proposed acquisition if there are reasonable grounds for doing so on the basis of the criteria or if the information provided by the proposed acquirer is incomplete. The Acquisitions Directive specifically mentions the prevention of money laundering and terrorist financing as a ground for refusal. Owing to the principle of maximum harmonization, the Member States are not permitted to adopt stricter rules.

Crisis Management Directive

On 6 June 2012, the European Commission proposed a new directive, known as the Crisis Management Directive, a comprehensive framework for dealing with ailing banks. This proposed directive includes proposals to give regulators resolution powers, inter alia, to write down the debt of a failing bank (or to convert such debt into equity) to strengthen its financial position and allow it to continue as a going concern, subject to appropriate restructuring measures being taken. It is currently unclear whether measures ultimately adopted in this area will apply to any debt currently in issue, or whether grandfathering rules will apply. It is possible that pursuant to the Crisis Management Directive or other resolution or recovery rules which may in the future be applicable to NWB Bank (including, but not limited to, CRD IV), new powers may be granted by way of statute to the DNB and/or any other relevant authority which could be used in such a way as to result in debts, including the Notes, absorbing losses.

Besides the Directives mentioned in this section certain other laws and regulations may become relevant to NWB Bank from time to time, including, the Single Supervisory Mechanism (as proposed in the Council presidency final compromise text (dated 16 April 2013, published 26 April 2013) of the Regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions), which may impact NWB Bank's interactions with relevant regulators.

Dutch Supervision and Regulation

Dutch Financial Supervision Act

The Dutch regulation for financial supervision is laid down in and based on the provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, 'DFSA'), which came into effect on 1 January 2007. The DFSA is partly based on European directives and regulations.

DNB's prudential supervision is aimed at ensuring the financial soundness of financial undertakings, including banks, and contributes to the stability of the financial sector. In order to achieve this, DNB protects the interests of bank creditors, policyholders, investors and financial services customers of financial enterprises. Prudential supervision comprises solvency and liquidity supervision designed to review whether financial enterprises can meet their payment obligations. The supervision aims to reduce the risk of bankruptcy. In case of breach of conduct of business rules of the DFSA, DNB may, *inter alia*, issue directions, impose fines and publish information on any imposed sanctions and the context thereof. The rules on prudential supervision are further described below.

The AFM's conduct supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial enterprises in dealing with customers. As part of this, the conduct supervision intends to minimize the potential information gap between providers of financial services and products, and their customers. In case of breach of conduct rules pursuant to the DFSA, the AFM may, *inter alia*, issue directions, impose fines and publish information on any imposed sanctions and the context thereof.

NWB Bank license under the DFSA

Pursuant to the DFSA, no enterprise or institution established in the Netherlands may pursue the business of a bank unless it has obtained a banking license from DNB. NWB Bank holds a Dutch banking license pursuant to Article 2:11 in conjunction with Article 2:13 of the DFSA to perform banking services in the Netherlands such as granting credits. Therefore NWB Bank is subject to supervision by DNB and must comply with the rules regarding prudential supervision as set out in this section. NWB Bank may also provide investment services under its banking license.

Solvency supervision

Solvency supervision is based on the implementation of the Capital Directives, as amended several times (see above). These current solvency rules will be changed when (the remainder of) CRD II and CRD IV is transposed into Dutch regulatory law or becomes directly applicable.

Liquidity supervision

Under DNB's liquidity regulation 2011 (*Regeling Liquiditeit Wft 2011*, '2011 Liquidity Regulation'), banks are in principle required to report their liquidity position on an individual and a consolidated level to DNB on a monthly basis. The liquidity regulation seeks to ensure, *inter alia*, that banks are able to meet their payment requirements on an ongoing basis, on the assumption that banks would remain solvent. The regulatory report also takes into consideration the liquidity effects of derivatives and the potential drawings under committed facilities. The liquidity regulation places emphasis on the short term by testing the liquidity position over a period of up to one month with a separate test of the liquidity position in the first week. For observational purposes, several additional maturity bands are included in the liquidity supervision (e.g. one to three months, three to six months, six months to one year and beyond one year). Available liquidity must always exceed required liquidity. Available liquidity and required liquidity are calculated by applying weighting factors to the relevant on- and off balance sheet items. The liquidity test includes all currencies. The new 2011 Liquidity Regulation allows DNB to impose additional liquidity requirements on a bank based on periodic reviews by DNB (known as the 'Supervisory Review and Evaluation Process' or 'SREP') of the strategies and procedures for risk management, which include the strategies and procedures of banks aimed at liquidity risk management (the so called 'Internal Liquidity Assessment Process' or 'ILAAP').

On the basis of an evaluation of the current liquidity reporting system, which was also performed in light of the recent economic downturn, DNB's Consultation Document on Changes to Liquidity Reporting (*Consultatiedocument Wijzigingen Liquiditeitsrapportage*) includes proposals for changes to the liquidity reporting system. Under the new proposals, each month a test will be performed to verify if the available liquidity as specified in the liquidity report meets the requisite liquidity level. The new proposals are designed to enable banks under supervision to maintain sufficient liquid assets to sustain prolonged periods of stress without excessive and prolonged recourse to central banks. In addition, they aim to provide more insight into the liquidity risk of several sources, like off-balance activities and the financial resilience in the longer term.

The liquidity rules will be amended when the liquidity requirements under CRD IV (see above) enter into force.

Structural supervision

An interest or control of 10% or more (a qualified holding) in a Dutch licensed bank requires a declaration of no objection issued by DNB. In addition, banks require a declaration of no objection for specific acts, for example if it wishes to reduce its own funds or alter its financial or corporate structure. With respect to the rules for obtaining a declaration of no objection, we refer to the Acquisition-Directive, as mentioned above.

Aside from the declaration of no objection requirement for qualified holdings in financial enterprises, banks holding specific participating interests may also be required to apply for a declaration of no objection. Such is the case if the participating interest exceeds a given threshold value, for example, when the participating interest constitutes more than 1% of the balance sheet total of the receiving bank.

Dutch Banking Code (2010)

On 9 September 2009 the Board of the Dutch Banking Association adopted and presented the Dutch Banking Code (2010) (*Code Banken*). The Code Banken has been given a legislative basis by virtue of a decree (*algemene maatregel van bestuur*), in the same way as was done previously for the Dutch Corporate Governance Code. Under this decree banks are obliged to report, in their annual report, on their compliance with the principles of the Dutch Banking Code (2010). The Dutch Banking Code (2010) formulates principles for banks relating to, for instance, remuneration, internal supervision, risk management and audits. Under a provision of the Dutch Banking Code (2010)'s preamble, banks are required to state in their annual report how they have applied the principles of the Dutch Banking Code (2010) in the previous year and, if they have not applied a principle or not done so in full, to provide a reasoned explanation for this.

Special Measures Financial Institutions Act

The Dutch legislature has adopted the SMFI, the Special Measures Financial Institutions Act, banking legislation dealing with ailing banks. The SMFI contains similar legislation to the rules outlined in the draft Crisis Management Directive (see above). Pursuant to the SMFI, substantial powers are granted to the DNB and the Dutch Minister of Finance enabling them to deal with, inter alia, ailing Dutch banks with the aim to avoid their insolvency. The SMFI aims to empower the DNB or the Minister of Finance, as applicable, to commence proceedings leading to: (i) transfer of all or part of the business (including deposits) of the relevant bank to a private sector purchaser; (ii) transfer of all or part of the business of the relevant bank to a 'bridge bank'; and (iii) public ownership (nationalization) of the relevant bank and expropriation of its outstanding debt securities (which may include the Notes). Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the DNB or the Minister of Finance, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank.

Within the context of the resolution tools provided in the SMFI, holders of debt securities of a bank (including the Noteholders) subject to resolution could be affected by issuer substitution or replacement, transfer of debt, expropriation, modification of terms and/or suspension or termination of listings. The draft Crisis Management Directive includes similar proposals.

Dutch bank tax

In 2012, the Netherlands introduced a Banking Tax Act (*Wet Bankenbelasting*). NWB qualifies as a tax payer under the Dutch Banking Tax Act. In 2012, the tax burden in this respect amounted to EUR 12 million.

CAPITALIZATION(1)

	As of 31 December 2012
	(€ millions)
Short-term debt (<1 year)	
Banks[2]	969
Short-term debt securities[3]	9,512
Funds entrusted[4]	522
Total short-term debt	11,003
Long-term debt (>1 year)	
Bank loans[5]	1,556
Bonds[6]	48,790
Funds entrusted[7]	867
Total long-term debt	51,213
Shareholders' equity	
Share capital	7
Revaluation reserves	1
General reserve	1,178
Profit for the year	40
Total shareholders' equity	1,226
Total long-term debt and shareholders' equity	63,442

(1) The information in this table is derived from the last published financial information of the Issuer. There has not been any material change in the Issuer's capitalization since 31 December 2012.

(2) Banks consist of liabilities, other than debt securities, due to domestic and foreign banks. Short-term debt included in Banks is comprised of short-term loans and collateral. See note 18 to the Financial Information for the year ended 31 December 2012.

(3) Short-term debt securities consists of commercial paper. See note 20 to the Financial Information for the year ended 31 December 2012.

(4) Funds entrusted consists mainly of short-term deposits and customer current accounts. See note 19 to the Financial Information for the year ended 31 December 2012.

(5) Bank loans consists of long-term loans carried at amortized cost under Banks. See note 18 to the Financial Information for the year ended 31 December 2012.

(6) To date, the following bonds have been issued under the Program since 31 December 2012: (i) US$1 billion principal amount of 0.75% notes due 2016 issued on 26 March 2013, (ii) US$900 million principal amount of floating rate notes due 27 October 2014 issued on 26 April 2013 and (iii) US$600 million principal amount of floating rate notes due 27 October 2014 issued on 10 May 2013, which are consolidated and form a single series with the notes issued on 26 April 2013. These issuances, issuances under the Issuer's other programs and any redemptions to date have not been reflected in this table.

(7) Funds entrusted consists of private loans to NWB Bank in both Euro and foreign currencies. See note 19 to the Financial Information for the year ended 31 December 2012.

SELECTED FINANCIAL DATA

The following table sets out certain selected financial data as at and for the years ended 31 December 2010, 2011 and 2012 as prepared in accordance with Dutch GAAP:

	Year ended 31 December		
	2012	**2011**	**2010**
	(€ millions, except percentages)		
Balance Sheet			
Loans and receivables[1]	59,197	53,932	43,172
Equity	1,226	1,188	1,135[2]
Total assets	76,084	67,696	57,358
Risk-weighted assets	933	1,112	904
Results			
Interest	107	75	104
Total operating income	83	113	134
Total operating expenses	26[3]	15	13
Tax on profit from ordinary operations	17	23	30
Net profit	40	75	91[4]
Ratios (%)			
BIS solvency ratio[5]	111.2	90.3	99.9
Operating expenses/interest ratio[6]	13.1	20.0	10.6
Capital ratio[7]	1.6	1.8	2.0

(1) Long-term lending at nominal value.

(2) The effect on equity of adoption of Dutch GAAP compared to that reported under IFRS-EU for 2010 is an increase of €67 million (See note 36 to the Financial Information for the year ended 31 December 2011 and 2010 and 'Conversion from IFRS-EU to Dutch GAAP – Effect of Conversion' in this Base Prospectus).

(3) Including bank tax.

(4) The effect on net profit of adoption of Dutch GAAP compared to that reported under IFRS-EU for 2010 is an increase of €53 million (See note 36 to the Financial Information for the year ended 31 December 2011 and 2010 and 'Conversion from IFRS-EU to Dutch GAAP – Effect of Conversion' in this Base Prospectus).

(5) Equity including revaluation reserves as a percentage of credit and operational risk weighted amounts.

(6) Operating expenses (total operating expenses less contribution to Stichting NWB Fonds and excluding bank tax) as a percentage of interest.

(7) Equity as a percentage of total assets.

The following table sets out certain selected financial data as at and for the years ended 31 December 2008 through 2010 prepared in accordance with IFRS-EU together with financial data as at and for the years ended 31 December 2010 through 2012 prepared in accordance with Dutch GAAP:

	2012	2011	2010[1]	2010	2009	2008
	Dutch GAAP	Dutch GAAP	Dutch GAAP	IFRS-EU	IFRS-EU	IFRS-EU
	(€ millions, except percentages and per share data)					
Balance Sheet						
Long-term loans and advances	59,197	53,932	43,172	43,172	40,172	35,934
Equity	1,226	1,188	1,135	1,068	1,048	1,047
Total assets	76,084	67,696	57,358	57,219	52,422	48,396
Risk-weighted assets	933	1,112	904	897	1,721	1,561
Results						
Interest	107	75	104	104	92	128
Operating income	83	113	134	64	90	26
Operating expenses	26[2]	15	11	11	10	10
Contribution to NWB Fonds	0	0	2	4	4	4
Income tax	17	23	30	13	19	3
Profit for the year	40	75	91	38	57	9
Dividends						
Dividend payment (in € millions)	0	0	23	23	40	40
Dividend per share (in €)	0	0	390	390	678	678
Ratios (%)						
BIS solvency ratio[3]	111.2	90.3	99.9	94.5	51.4	53.2
Operating expenses/interest ratio[4]	13.1	20.0	10.6	10.6	10.9	7.8
Dividend payout ratio[5]	0.0	0.0	25.3	59.9	70.2	100[6]
Capital ratio[7]	1.6	1.8	2.0	1.9	2	2.1

(1) As a result of adopting Dutch GAAP certain line items on the statement of income and the balance sheet are different compared to IFRS-EU and certain balance sheet items have been reclassified on the Dutch GAAP balance sheet. See, 'Presentation of Financial and Other Information – Changed presentation of balance sheets and income statements'.

(2) Including bank tax.

(3) Equity including revaluation reserves as a percentage of credit and operational risk weighted amounts.

(4) Operating expenses (total operating expenses less contribution to Stichting NWB Fonds and excluding bank tax) as a percentage of interest.

(5) Dividend as a percentage of profit for the year. Dividend as a percentage of profit for the year 2010 declined as presented under Dutch GAAP due to the profit increase for the year as a result of reporting under Dutch GAAP. The level of dividend payment was determined under IFRS-EU on the basis of the profit as presented under IFRS-EU, which was lower.

(6) Excluding payment of €31 million charged to the general reserve.

(7) Equity as a percentage of total assets.

CONVERSION FROM IFRS-EU TO DUTCH GAAP

Effect of Conversion

The tables below present the effect of the conversion from IFRS-EU to Dutch GAAP on equity as at and for 1 January 2010 and 31 December 2010, as well as on net profit for the year ended 31 December 2010:

	Reconciliation between equity under IFRS-EU and Dutch GAAP as at 1 January 2010[1]
	(€ millions)
Equity under IFRS-EU as at 1 January 2010	1,048
Effect of ceasing to apply the fair value option under IFRS-EU and applying hedge accounting under Dutch GAAP on the fair value portfolio[2],[3]	50
Effect on deferred tax[3]	(13)
Equity under Dutch GAAP at 1 January 2010	1,085

	Reconciliation between equity under IFRS-EU and Dutch GAAP as at 31 December 2010(2)
	(€ millions)
Equity under IFRS-EU as at 31 December 2010	1,068
Effect of ceasing to apply the fair value option under IFRS-EU and applying hedge accounting under Dutch GAAP on the fair value portfolio[2],[3]	90
Effect on deferred tax[3]	(23)
Equity under Dutch GAAP as at 31 December 2010	1,135

	Reconciliation between net profit under IFRS-EU and Dutch GAAP for the year ended 31 December 2010
	(€ millions)
Net profit under IFRS-EU for the year ended 31 December 2010	38
Effect of ceasing to apply the fair value option under IFRS-EU and applying hedge accounting under Dutch GAAP on the fair value portfolio[4]	40
Effect of recognizing a negative interest-bearing securities revaluation reserve[5]	30
Effect on deferred tax	(17)
Net profit under Dutch GAAP for the year ended 31 December 2010[6]	91

(1) This table shows the cumulative effect of ceasing to apply the fair value option under IFRS – EU through 31 December 2009 which is reflected on the opening balance sheet dated 1 January 2010.

(2) This table shows the cumulative effect of ceasing to apply the fair value option under IFRS – EU through 31 December 2010, which is reflected on the closing balance sheet dated 31 December 2010.

(3) Under IFRS-EU, the fair value option was used, meaning that what was termed the fair value portfolio (consisting of public-sector loans and receivables and interest-bearing securities stated at fair value through profit or loss at initial recognition) ('FV portfolio') was stated and measured at fair value on each balance sheet date. Under Dutch GAAP, substantially this entire FV portfolio is carried at amortized cost, with the exception of interest-bearing securities which are publicly listed, which continue to be carried at fair value. Under Dutch GAAP, the FV portfolio is subject to fair value hedge accounting (see, 'Operating and Financial Review – Hedging Policy of NWB Bank'), with the exception of interest-bearing securities held to maturity.

The instruments in the FV portfolio that are now carried at amortized cost under Dutch GAAP have been adjusted by eliminating the (cumulative) changes in market value recorded while NWB Bank used IFRS-EU. Since the hedging instruments used when applying fair value hedge accounting continue to be measured at fair value, a basis adjustment (the change in the value of the loan or receivable due to changes in interest rates) is calculated to offset the changes in market value of the corresponding swap instruments. Such items for which a basis adjustment is calculated are now measured at amortized cost and are mainly loans and receivables from or guaranteed by the Dutch government. See note 36 to the Financial Information for the year ended 31 December 2011.

(4) The effect of ceasing to apply the fair-value option under IFRS-EU resulted in changes of €50 million in the balance sheet as at and for the year ended 31 December 2009 (which adjustment was made in the opening balance sheet dated 1 January 2010) and €90 million in the balance sheet as at and for the year ended 31 December 2010. To a significant extent, these changes arise because movements in liquidity and credit risk spreads are no longer given effect since they are only used for fair value purposes. The effects these measurement changes have on deferred tax and the income tax expense are €13 million and €23 million, respectively.

(5) The effect of ceasing to apply the fair value option under IFRS-EU resulted in changes of €40 million in the statement of income for the year ended 31 December 2010. To a significant extent, these changes arise because of the inclusion of results from financial transactions in the statement of income. Results from financial transactions consists primarily of gains resulting from the application of fair value hedge accounting to the former FV portfolio, including the basis adjustment as explained in note 2 above.

(6) The conversion to Dutch GAAP has resulted in reclassification of the interest-bearing securities portfolio previously reported under *available-for-sale financial assets and financial assets stated at fair value through profit or loss* under IFRS-EU. Interest-bearing securities without a public listing and interest-bearing securities held to maturity are carried at amortized cost under Dutch GAAP. Fair value hedge accounting is applied to the interest-bearing securities not held to maturity. In contrast to IFRS-EU, Dutch GAAP does not allow a negative revaluation reserve to be recognized, which is why impairment below cost is immediately reflected in profit or loss. Conversely, a subsequent recovery of the fair value of these interest-bearing securities to cost is similarly recognized in profit or loss.

This change in accounting policy resulted in an increase to profit of €30 million for the year ended 31 December 2010.

(7) The net effect these changes in accounting policy have on net profit for 2010 is an increase of €53 million.

OPERATING AND FINANCIAL REVIEW

The following operating and financial review is based on the information contained in NWB Bank's audited financial information as at and for the years ended 31 December 2010, 2011 and 2012 as well as the accounting records of NWB Bank and is intended to convey management's perspective on the operating performance and financial condition of NWB Bank during the period under review, as measured in accordance with Dutch GAAP. This disclosure is intended to assist readers in understanding and interpreting the Financial Information of NWB Bank incorporated by reference in this Base Prospectus. The discussion should be read in conjunction with the Financial Information of NWB Bank and the accompanying notes which are incorporated by reference in this Base Prospectus

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. NWB Bank's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings 'Risk Factors' and 'Cautionary Statement Regarding Forward-looking Statements'.

In this operating and financial review, references to '2010', '2011' and '2012', refer to the years ended 31 December 2010, 2011 and 2012 respectively.

Overview

NWB Bank is a specialized lender to the public sector primarily in the Netherlands, providing short-term and long-term financing to water boards, municipal and provincial authorities as well as to other public sector institutions such as social housing corporations, healthcare and educational institutions. NWB Bank believes it is a key bank for the Dutch public sector, fulfilling a critical role supported by the Dutch State.

Principal Factors Affecting Results of Operations

General economic conditions

The economic consequences of the global economic and financial crisis that began in 2008 have been considerable. The strong government support provided during the worst of the global economic and financial crisis resulted in large increases in government debt, which sparked the European sovereign debt crisis. In Europe, Greece, Italy, Ireland, Portugal and Spain (the 'GIIPS') and Cyprus have been particularly affected by the recent macroeconomic and financial conditions. Although the risk of sovereign default reduced in the latter part of 2012 due to actions of the European Central Bank ('ECB') and the EU, the risk of default remains. This default risk and the impact it would have on the Eurozone countries, including the potential that some countries (albeit those with a relatively small GDP) could leave the Eurozone (either voluntarily or involuntarily), raises concerns about the ongoing viability of the euro currency and the EMU. The recent need to bail-out Cyprus, including the bail-in of certain deposits, is an example of the ongoing risk. Uncertainty over the best way forward for the highly indebted Eurozone persists and posed and continues to pose a serious threat to global economic recovery. Despite the various rescue packages and other stabilizing measures adopted throughout Europe to deal with the Eurozone sovereign debt crisis, financial markets are expected to remain dislocated and volatile, with the risk of contagion unlikely to dissipate in the near term.

The economy in the Netherlands has not yet recovered from the global economic and financial crisis and the loss in production sustained during 2008 and 2009 is not yet restored. Gross domestic product ('GDP') in the Netherlands decreased by 1.0% in 2012 compared with growth of 1.0% in 2011 and a growth of 1.6% in 2010.[18] At the end of 2012, the Netherlands had fallen back into recession, with the GDP contracting by 0.4% in the last quarter of 2012 compared with the previous quarter, which was the second successive quarter of negative growth.[19] The export of goods and services, however, increased by 3.3% at year-end 2012, with the majority of growth attributed

[18] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

[19] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

to re-exports and exports of natural gas, petroleum and chemical products.[20] Government consumption remained at the same level in 2012 as in 2011, with municipalities in particular having spent less than initially estimated.[21] Investments declined by 1.6% in 2012 (in particular in housing and civil engineering projects), and household consumption declined by 1.4% linked to a fall in real disposable income of households in the Netherlands resulting from lower employment, higher tax and premium transfers and inflation.[22] In 2012, the number of people unemployed in the Netherlands accounted for 6.4% of the working population (including seasonal adjustments), which increased from 5.4% in 2011 (2010: 5.4%).[23] Unemployment figures continued to rise sharply in the first quarter of 2013.[24] Inflation in the Netherlands increased from 2.3% in 2011 (2010:1.3%) to 2.5% in 2012, and continues to rise as of the date of this Base Prospectus.[25] The higher inflation rate is largely due to increases in VAT, insurance tax and energy tax rates that came in effect in 2012.[26] In the Eurozone as a whole, inflation decreased from 2.7% at year-end 2011 (2010: 1.6%) to 2.5% at year-end 2012.[27]

The economic consequences of the global and economic financial crisis, the continuing European sovereign debt crisis and the weak economic conditions in recent years with the resulting high unemployment rates, depressed property markets and pressure on disposable incomes, have slowed investment and consumer spending, which in turn has had an adverse effect on the financing requirements of NWB Bank's public sector clients. All of these factors and the volatility of the capital and credit markets during the period under discussion have had a material impact on NWB Bank's core activities of funding and lending and NWB Bank believes that economic and market conditions in the Netherlands and Western Europe in general will continue to affect NWB Bank's results of operations. In particular, NWB Bank's ability to generate revenues and expand its loan portfolio in the future largely depends on the prospect and speed of economic and market recovery within the Netherlands and Western Europe. For more information relating to macro-economic risks to NWB Bank see 'Risk Factors – NWB Bank's business and results of operations can be negatively affected by actual or perceived local and global economic and financial market conditions and – The continuing economic crisis in Europe could adversely affect NWB Bank's business and results of operations.'

Borrowing and debt obligations

Credit markets worldwide experienced a material reduction in the availability of financing as a result of the global financial and economic crisis in 2008/2009. Continuing disruption, particularly in Europe during different periods in 2010 and 2011 and the first part of 2012, mainly due to the sovereign debt crises associated with, amongst others, the GIIPS, resulted in liquidity and term funding remaining difficult to obtain and terms for certain borrowers being less favorable. In particular, in the second half of 2011 as the EU sought to agree on a further rescue plan for Greece, there was a significant liquidity problem as the interbank market, a traditional source of unsecured short term funding, was severely disrupted and US dollar funding for European banks was largely unavailable. Only the intervention of the ECB and its long-term refinancing operations made available in December 2011 and February 2012 reduced this liquidity problem that was adversely affecting banks across Europe and also had shut many European banks out of the wholesale public markets. Although the efforts of the ECB with the support of central banks had a positive impact, global credit markets continue to be volatile and credit spreads have not fully returned to pre-global economic and financial crisis levels.

[20] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

[21] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

[22] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

[23] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

[24] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

[25] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

[26] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

[27] Source: Eurostad.

Despite NWB Bank's AAA rating, these market developments had a significant effect on NWB Bank's cost of funding, as well as the cost of funding to its principal customers. The lower risk appetite and associated reduced liquidity in capital markets resulted in NWB Bank having to raise funding for longer periods at the swap interest rate with a spread, whereas in the past it did so at swap rates without a spread. As a result of having a higher cost of funding compared with its benchmark of the swap interest rate prior to the financial crisis, NWB Bank's results have been affected due both to changes in the fair value of assets and liabilities measured on the basis of such interest rate movements and to the impact on the interest rate result (interest received less interest paid). However, favorable short term rates in 2012 in its commercial paper issued under its European CP program reflected NWB Bank's safe haven status. At times it was able to issue non-Euro denominated commercial paper, after swapping into Euros, at negative spreads.

NWB Bank has maintained a good funding record during this period with a diversified investor base and well spread tenors. Amidst the European government debt crises seen in 2010 and 2011 and the threatened double-dip economic recession, NWB Bank was able to continue to access the capital markets, raising €12 billion in long-term funding in 2012 compared with €7.7 billion in 2011 and €9.7 billion in 2010. The increase in long-term funding in 2012 was largely attributable to the refinancing of maturing debt.

In 2012 the average maturity of the new debt securities was 8.2 years, up from 5.8 years in 2011. Of the €12 billion raised in 2012, 60% was raised in Euros, 15% in British pounds, 13% in US Dollars and 3% in Swiss Francs, with the remainder raised in Norwegian Krone, Swedish Krona, Japanese Yen, Australian dollars and New Zealand dollars. This compares to 2011 when 51% was raised in US Dollars, 42% in Euros, 2% in Swiss Francs and 2% in British pounds, with the remainder raised in Japanese Yen, Norwegian Krone and Swedish Krona, and 2010 when 42% was raised in US Dollars, 39% in Euros, 13% in Swiss Francs, 3% in British pounds and 2% in Canadian dollars, with the remainder raised in Japanese Yen and Hong Kong dollars. At 13%, the US Dollar's share in total funding was relatively small compared with earlier years, which can be explained by NWB Bank's need for longer-maturity funding in 2012, whereas US Dollar funding typically has shorter maturities. The level of US Dollar funding is expected to rebound in 2013. The Swiss Franc's share in total funding was low at 3% for the second consecutive year. This was a consequence of the Swiss Central Bank's foreign exchange policy, which made issuing debt instruments in Swiss Francs and converting them into Euros less attractive.

NWB Bank is an active issuer of commercial paper having issued €27 billion in aggregate over 2012 with maturities averaging four months compared with €23 billion over 2011 and €27 billion over 2010. At an average cost of 0.69% for the year ended 31 December 2012 (2011: 0.65%) below comparable EURIBOR rates, NWB Bank views commercial paper as a feasible way of raising significant amounts of attractively priced funds and allowing it to time the issuance of long-term debt instruments with greater precision.

Interest rates

As a result of the global financial crisis, central banks globally, including the ECB, cut key interest rates significantly in 2008 and 2009 and interest rates have remained at these low levels for the past several years, although certain countries outside the Eurozone began to increase interest rates during 2010. Certain of these countries have since reduced interest rates as economies have continued to stagnate. Interest rates for the Euro OverNight Index Average have fluctuated throughout the last few years, from an average of 0.44% at year-end 2010 to 0.87% at year-end 2011 and 0.23% at year-end 2012. In response to perceived inflationary pressures, on 7 April 2011, the ECB increased its benchmark interest rate from 1.00% to 1.25% with a further rate increase of 0.25% in July 2011. The ECB then reduced rates in November 2011 (to 1.25%) and December 2011 (to 1.00%) as the economic conditions of many European countries weakened in the second half of 2011. In July 2012, the ECB again lowered its benchmark interest rate to 0.75%. A further cut followed in May 2013, when the refinancing rate was reduced to a historic low of 0.50%. The current ECB rate remains at 0.50%.

Fluctuations in short-term and medium- to long-term interest rates impact NWB Bank's interest result differently based upon the repricing profile of its interest-earning assets and interest-bearing liabilities, which is set forth in note 33, 'Fair value of financial instruments' and note 34 'Risk Management' of the Financial Information for the years ended 31 December 2010, 2011 and 2012 incorporated by reference in this Base Prospectus. NWB Bank's repricing profile depends upon the pricing terms applicable to its products (including base interest rates and

yield curves), the mix of funding and lending instruments in NWB Bank's portfolio and the extent of NWB Bank's use of interest rate-related derivative contracts. As a general matter, declining short-term interest rates do not affect NWB Bank's interest rate margins significantly, as NWB Bank relies mainly on funding from the capital markets, and NWB Bank's borrowing and lending margins are closely matched. NWB Bank also uses a variety of derivative products to minimize the risks related to interest rate fluctuations.

Hedging Policy of NWB Bank

NWB Bank uses a hedging policy designed to minimize foreign exchange risks and manage interest rate volatility.

NWB Bank manages the fair value changes due to the changes in the interest rates of its financial assets and liabilities and applies fair value hedge accounting. NWB Bank applies two types of fair value hedge accounting, which are micro hedging and macro hedging.

Micro hedging relates to individual transactions which are included in an economic hedge relationship covering interest rate and foreign exchange risks. It involves a one-on-one relationship between the hedged instrument and the hedged item.

Macro hedging relates to a group of transactions that is hedged, for interest rate risk purposes, by using a group of derivative financial instruments. There is no one-on-one relationship between the hedged item and the hedging instrument at an individual level. It is demonstrated at a portfolio level that the derivative financial instruments in question set off the fair value changes caused by interest rate fluctuations.

NWB Bank hedges its financial assets for interest rate risk on a portfolio basis. These assets are swapped from fixed rate to floating interest rate. A substantial portion of these assets are designated in a macro fair value hedge. As substantially all of NWB Bank's assets are denominated in Euros, no foreign exchange risk hedging is necessary.

NWB Bank hedges its financial liabilities on a transaction basis, swapping these liabilities to floating interest rate. With respect to funding in foreign currencies, the foreign exchange risk is also fully hedged together with the interest rate risk at the outset. Substantially all funding denominated in euro is designated in a portfolio hedge. The foreign exchange funding transactions are designated into micro fair value hedge relationships, together with the corresponding cross currency interest rate swaps.

For the aforementioned portfolio hedges, the combined assets and liabilities together with the designated hedging instruments have an interest rate sensitivity of close to zero. NWB Bank assesses the results on a daily basis and reports weekly to the ALCO. NWB Bank has defined limits for the effectiveness of the portfolio being hedged and the hedging instruments. As long as a change in market values of the portfolio being hedged and the hedging instruments as a result of a movement in interest rates are within these limits, the hedge is treated as being effective. Consequently, the fair value movements of the combined portfolio (absent impairments) will not affect the income statement materially. Since the hedging instruments continue to be measured at fair value, a basis adjustment to the loans is recorded to offset the changes in value of the corresponding swaps.

Results of Operations

Overview

The table below sets forth NWB Bank's results of operations for the years ended 31 December 2012, 2011 and 2010 prepared in accordance with Dutch GAAP:

	31 December		
	2012	**2011**	**2010**
		(€ millions)	
Interest and similar income	1,864	1,832	1,779
Interest and similar expense	1,757	1,757	1,675

	31 December		
	2012	2011	2010
		(€ millions)	
Interest	107	75	104
Results from financial transactions	(24)	38	30
Total operating income	83	113	134
Employee benefits expense	6	5	4
Other administrative expenses	6	9	6
Contribution to Stichting NWB Fonds	-	-	2
Employee benefits expense and other administrative expenses	12	14	12
Depreciation, amortization and value adjustments of tangible and intangible assets	2	1	1
Bank tax	12	-	-
Other operating expenses	-	-	-
Total operating expenses	26[1]	15	13
Profit from ordinary operations before tax	57	98	121
Tax on profit from ordinary operations	17	23	30
Net Profit	40	**75**	**91**

(1) Including bank tax.

Description of key income statement items

Interest

Interest and similar income consists of interest income on loans and receivables, interest-bearing securities, as well as commissions having an interest nature. Premiums and discounts on loans and receivables carried at amortized cost are recognized using the effective interest method, together with the relevant interest income.

Interest and similar expense consists of interest expense on liabilities, whether or not embodied in debt securities, derivatives, as well as commissions having an interest nature, penalty interest on early redemptions, premiums and discounts. Premiums and discounts on debts, whether or not embodied in debt securities, not carried at fair value are recognized using the effective interest method, together with the relevant interest expense.

Results from financial transactions

This item consists of unrealized and realized changes in value. Unrealized changes in value can be broken down into (i) revaluation of hedged positions recognized in profit or loss, (ii) revaluation of hedging instruments and (iii) unrealized revaluation of interest-bearing securities. Realized changes in value consists of gains on sale and includes premiums and fees received in settlement of derivative contracts and realized revaluation results on the sale of interest-bearing securities.

Total operating expenses

Operating expenses includes employee benefits expense, which includes remuneration of the Managing Board and other administrative expenses. Other administrative expenses include the cost of accommodation, office expenses, general expense and the remuneration of eight Supervisory Board members. Total operating expenses also includes NWB Bank's contribution to Stichting NWB Fonds ('NWB Fonds') as well as depreciation and amortization.

Results of Operations for 2012 compared to 2011

Interest

Interest increased from €75 million in 2011 to €107 million in 2012, an increase of €32 million or 43%. Part of the 43% increase was attributable to the lower than usual level of interest in 2011. In addition, a significant part of the increase is attributable to the stable interest expense, which despite higher levels of debt and increased interest expense on derivatives, remained flat as a result of the highly favourable terms on which NWB Bank has been able to raise funding under its Euro Commercial Paper programme. While interest margins on long-term lending improved, contributing to interest income, loans that had been made subject to low credit spreads prior to 2008/2009 had to be refinanced at a higher cost, thereby adversely impacting interest income.

The table below sets forth the components of total interest and similar income for the years 2012 and 2011.

	Year ended 31 December	
	2012	**2011**
	(€ millions)	
Interest and similar income on loans and receivables at amortized cost	1,834	1,769
Interest income on interest-bearing securities	30	63
Total interest income	1,864	1,832

Total interest income increased by €32 million to €1,864 million in 2012 compared to €1,832 million in 2011. The increase was primarily due to an increase in interest income on loans and receivables at amortized cost as a result of higher levels of outstanding long-term lending reflecting net increases in loans and improved interest margins on long-term lending over the course of 2012. Interest income on loans and receivables also benefitted from a one-off gain of €10 million (2011: €0.4 million) from sales and early redemptions in 2012. The overall increase in interest income was offset in part by a decline in interest income on interest-bearing securities which decreased by €33 million from €63 million in 2011 to €30 million in 2012, or by 52%. This decrease was mainly due to redemptions reducing the portfolio of interest bearing securities.

The table below sets forth the components of total interest and similar expense for the years 2012 and 2011.

	Year ended 31 December	
	2012	**2011**
	(€ millions)	
Interest expense on banks, funds entrusted and debt securities at amortized cost	952	1,082
Derivatives (net interest income/expense)(1)	805	676
Total interest and similar expense	1,757	1,757

(1) This item consists of net interest income/expense on derivatives as a result of the difference between the fixed pay component on interest rate swaps and the floating rate NWB Bank receives on the swap, recognized as an interest expense when the result is negative and as interest income when the result is positive.

Total interest and similar expense remained unchanged in 2012. Interest expense on banks decreased by €130 million to €952 million in 2012 compared to €1,082 million in 2011. The decrease was primarily due to lower interest rates payable due to increased levels of lower cost short term debt, as a result of the highly favourable terms on which NWB Bank has been able to raise funding under its Euro Commercial Paper programme. The decrease was almost entirely offset by the increase in interest expense on derivatives which increased by €129 million to €805 million in 2012 compared to €676 million in 2011 due to increased levels of hedging.

Results from financial transactions

The table below sets out the components of value movements recorded on the income statement for the years 2012 and 2011.

	Year ended 31 December	
	2012	2011
	(€ millions)	
Unrealized changes in value:		
Revaluation of hedged positions recognized in profit or loss	1,789	2,505
Revaluation of hedging instruments	(1,830)	(2,487)
Unrealized revaluation of interest-bearing securities	23	9
	(18)	28
Realized changes in value:		
Result on sale	(6)	(11)
Other	-	-
Total	(24)	38

Results from financial transactions decreased by €62 million from a gain of €38 million in 2011 to a loss of €24 million in 2012.

Both the realized and unrealized changes in valuation movements primarily reflect the movements in interest rates and credit spreads on listed interest-bearing securities. The movements in unrealized changes in value (unrealized loss of €18 million in 2012 and unrealized gain of €28 million in 2011) are due to movements in interest rates. The bulk of interest rate risk to which NWB Bank is exposed in relation to its financial assets or liabilities is customarily hedged through the use of financial instruments. In market value terms, value movements resulting from interest rate fluctuations are offset through the use of derivatives, although there may be significant movements in the individual assets, liabilities and derivatives from year to year as evidenced in the line items above. Where the hedge relationship is effective, hedge accounting enables NWB Bank to neutralize in principle the difference in result recognition between the hedging instrument and the hedged position.

The realized changes in fair value include premiums and fees received on settlement of derivative contracts, realized revaluation results on the sale of interest-bearing securities and commission. On the assets side of the balance sheet, the fair value of the hedged items and hedging instruments was €13,394 million in 2012 (2011: €9,657 million) and on the liabilities side, €13,398 million in 2012 (2011: €9,640 million). The fair value of the hedged items and the hedging instruments consists of the hedge accounting valuation adjustment for the loan portfolio and market valuations for the derivatives and market exchange rate valuations for interest-bearing securities.

Operating expenses

Operating expenses (total operating expenses less contribution to NWB Fonds) increased to €26 million in 2012, from €15 million in 2011. This increase was solely due to the payment by NWB Bank of €12 million in bank tax based on NWB Bank's balance sheet at year-end 2011. As a bank, NWB Bank is subject to changes to, taxes, levies or fees applicable to banks. In 2012, the Dutch bank tax was introduced. This tax exclusively affects financial institutions with a banking license and is similar to bank taxes introduced in other EU Member States following the financial crisis. The principal aim of the Dutch bank tax is to have the entire banking sector contribute towards the costs incurred by the government to support certain banks during the financial crisis and to mitigate the risk inherent in certain banking activities. The taxable amount is based on the amount of the balance sheet total at the end of the preceding financial year after applying certain reductions. The taxable amount is divided in two parts based on the pro rata between short-term liabilities and long-term liabilities of the taxpayer. The amount of the short-term liabilities is subject to bank tax at a rate of 0.044%, and the amount of the long-term liabilities is subject to bank tax at a rate of 0.022%. The increase in operating expenses was offset by a €1 million decrease in other operating

expenses with a higher employee benefits expense being outweighed by lower fees paid for external advice with respect to information and communications technologies and funds transfer services and offsetting an increase in depreciation, amortization and value adjustments of tangible and intangible assets.

The table below sets out the components of employee benefits expense for the years 2012 and 2011.

	Year ended 31 December	
	2012	2011
	(€ millions)	
Wages and salaries	3.7	3.3
Pension costs	0.9	0.8
Social security costs	0.4	0.3
Other	0.5	0.6
Total	5.6	5.0

Employee benefits expenses increased by €1 million due to an increase in NWB Bank's permanent workforce and temporary employees.

Other administrative expenses decreased by €3 million from €9 million in 2011 to €6 million in 2012, mainly due to lower fees paid for external advice with respect to the change in NWB Bank's accounting policies from IFRS-EU to Dutch GAAP in 2011. Other administrative expenses in 2012 include further investments made to establish a data warehouse (a project started in 2011) aimed at making NWB Bank's data gathering processes more robust, enhancing management information quality and embedding the hedge accounting system throughout the organization.

In addition to operating expenses, NWB Bank will, from time to time, make discretionary annual contributions to NWB Fonds. NWB Bank co-founded NWB Fonds with the water boards in 2006 with the aim of lending financial support to international water management and sanitation projects which the water boards undertake. In 2012 and 2011, NWB Bank did not make a contribution to NWB Fonds (2010: €2 million).

Profit from ordinary operations before tax

Profit from ordinary operations before tax decreased from €98 million in 2011 to €57 million in 2012, a decrease of €41 million, or 42%. The decrease was primarily the result of the decrease in total income, €83 million in 2012 compared to €113 million in 2011, caused principally by the negative unrealized and realized losses resulting from the fair valuing of financial transactions and the increase in operating expenses due to the introduction of the bank tax. NWB Bank's ratio of operating expenses (total operating expenses) to interest was 20% in 2011 and 13.1% (excluding bank tax) in 2012. The decrease reflects the decrease in operating expenses (excluding bank tax) as discussed above.

Tax on profit from ordinary operations

Tax on profit from ordinary operations decreased from €23 million in 2011 to €17 million in 2012. This decrease of €6 million, or 26%, was primarily the result of the significant decrease in profit before tax in 2012 compared to 2011. The effective tax rate was 30% which reflected the company income tax of 25% and the non-deductible expenses (€3 million) attributable to the bank tax.

Net Profit

As a result of the foregoing, net profit decreased from €75 million in 2011 to €40 million in 2012, a decrease of €35 million, or 47%.

Results of Operations for 2011 compared to 2010

Interest

Interest decreased from €104 million in 2010 to €75 million in 2011, a decrease of €29 million or 28%. The decrease was primarily due to transactions aimed at reducing interest rate risk as well as more expensive refinancing of outstanding loans. In addition, 2010 benefitted from a one-off gain upon sale of loans of €17.1 million (2011: €0.4 million).

The table below sets forth the components of total interest and similar income for the years 2011 and 2010.

	Year ended 31 December	
	2011	**2010**
	(€ millions)	
Interest and similar income on loans and receivables at amortized cost	1,769	1,693
Interest income on interest-bearing securities	63	86
Total interest income	1,832	1,779

Total interest income increased by €53 million to €1,832 million in 2011 compared to €1,779 million in 2010. The increase was primarily due to an increase in interest income on loans and receivables at amortized cost as a result of higher levels of outstanding long-term lending reflecting net increases in loans over 2011 and 2010. This increase was offset in part by a decline in interest income on interest-bearing securities which decreased by €23 million from €86 million in 2010 to €63 million in 2011, or by 27%. This decrease was mainly due to redemptions reducing the portfolio of interest bearing securities.

The table below sets forth the components of total interest and similar expense for the years 2011 and 2010.

	Year ended 31 December	
	2011	**2010**
	(€ millions)	
Interest expense on banks, funds entrusted and debt securities at amortized cost	1,082	914
Derivatives (net interest income/expense)[1]	676	762
Total interest and similar expense	1,757	1,675

(1) This item consists of net interest income/expense on derivatives as a result of the difference between the fixed pay component on interest rate swaps and the floating rate NWB Bank receives on the swap, recognized as an interest expense when the result is negative and as interest income when the result is positive.

Total interest and similar expense increased by €82 million to €1,757 million in 2011 compared to €1,675 million in 2010. The increase was primarily due to higher interest rates payable due to increased levels of higher cost long-term debt as well as increased amounts paid on derivatives due to increased levels of hedging, although the total paid on hedging declined in 2011 compared to 2010 due to overall lower interest rates.

Results from financial transactions

The table below sets out the components of value movements recorded on the income statement for the years 2011 and 2010.

	Year ended 31 December	
	2011	2010
	(€ millions)	
Unrealized changes in value:		
Revaluation of hedged positions recognized in profit or loss	2,505	989
Revaluation of hedging instruments	(2,487)	(971)
Unrealized revaluation of interest-bearing securities	9	29
	28	47
Realized changes in value:		
Result on sale	11	(17)
Other	-	-
Total	38	30

Results from financial transactions increased by €8 million from €30 million in 2010 to €38 million in 2011. Both the realized and unrealized changes in valuation movements primarily reflect the movements in interest rates and credit spreads on listed interest-bearing securities. The movements in unrealized changes in value (€28 million in 2011 and €47 million in 2010) are due to movements in interest rates. On the assets side of the balance sheet, the fair value of the hedged items and hedging instruments was €9,657 million in 2011 (2010: €5,194 million) and on the liabilities side, €9,640 million in 2011 (2010: €5,270 million).

Operating expenses

Operating expenses (total operating expenses less contribution to NWB Fonds) increased to €15 million in 2011, from €11 million in 2010. This increase of 36% was caused mainly by the increase in other administrative expenses.

The table below sets out the components of employee benefits expense for the years 2011 and 2010.

	Year ended 31 December	
	2011	2010
	(€ millions)	
Wages and salaries	3.3	3.2
Pension costs	0.8	0.6
Social security costs	0.3	0.3
Other	0.6	0.3
Total	5.0	4.4

Employee benefits expenses increased by €0.6 million due to an increase in NWB Bank's permanent workforce and temporary employees.

Other administrative expenses increased by €3 million from €6 million in 2010 to €9 million in 2011, mainly due to higher consulting fees incurred in connection with the change in NWB Bank's accounting policies to Dutch GAAP and costs associated with improving NWB Bank's information systems, including the design and construction of a new data warehouse and the related purchase of new software.

As there was no contribution to NWB Fonds in 2011, total operating expenses increased by €2 million to €15 million in 2011 compared to €13 million (including a contribution of €2 million to NWB Fonds) in 2010.

Profit from ordinary operations before tax

Profit from ordinary operations before tax decreased from €121 million in 2010 to €98 million in 2011, a decrease of €23 million, or 19%. The decrease was primarily the result of lower interest result (€75 million in 2011

compared to €104 million in 2010) and the related decrease in total income (€113 million in 2011 compared to €134 million in 2010) for the reasons discussed above. NWB Bank's ratio of operating expenses (total operating expenses less contribution to NWB Fonds) to interest was 10.6% in 2010 and 20% in 2011. The significant increase reflects the increase in operating expenses as discussed above.

Tax on profit from ordinary operations

Tax on profit from ordinary operations decreased from €30 million in 2010 to €23 million in 2011. This decrease of €7 million, or 23%, was primarily the result of the significant decrease in profit before tax in 2011 compared to 2010. There was also a decrease in the tax rate for company income tax in the Netherlands (from 25.5% over 2010 to 25% over 2011).

Net Profit

As a result of the foregoing, net profit decreased from €91 million in 2010 to €75 million in 2011, a decrease of €16 million, or 18%.

Selected Balance Sheet Items for 31 December 2012, 31 December 2011 and 31 December 2010

The table below summarizes selected balance sheet items of NWB Bank as of 31 December 2012, 31 December 2011 and 31 December 2010:

	As of 31 December		
	2012	2011	2010
		(€ millions)	
Assets			
Cash and cash equivalents	1,649	276	13
Banks	6,726	4,331	2,363
Loans and receivables	59,197	53,932	46,968
Interest-bearing securities	1,409	1,471	2,471
Other assets	137	68	52
Derivative assets	6,144	6,801	4,659
Income tax	-	-	18
Prepayments and accrued income	814	809	806
Total assets	76,084	67,696	57,358
Liabilities			
Banks	2,525	2,036	1,515
Funds entrusted	1,389	1,518	2,411
Debt securities[1]	58,302	53,317	45,786
Other liabilities	56	61	66
Derivative liabilities	11,824	8,839	5,704
Accruals and deferred income	730	710	738
Provisions	3	3	3
Total liabilities	74,858	66,508	56,223

(1) Includes €44 billion, €39 billion and €35 billion of outstanding bonds issued under NWB Bank's various long-term debt issuance programs as of 31 December 2012, 2011, 2010 respectively.

General

New long-term lending was €5,687 million in 2012, compared to €5,145 million and €7,075 million for the years ended 31 December 2011 and 2010, respectively. The increase in lending in 2010 was largely attributable to the significant funding requirements of NWB Bank's clients, and in particular, the social housing corporations, which prefunded in anticipation of the introduction of the more stringent regulatory regime in respect of assets guaranteed by government funding in response to new EU Rules on state aid which would be applied to the social housing sector from 1 January 2011. The European sovereign debt crises and economic uncertainty in the Eurozone as a whole, as well as increased restrictions on assets guaranteed by government funding (including, in particular, for the social housing sector as mentioned above), resulted in a decrease in demand for new lending in 2011. New long-term lending in 2012 included the provision of long-term loans to several social housing corporations to relieve their substantial liquidity requirements associated with certain swap arrangements that due to low interest rates was requiring increasing levels of cash collateral. NWB Bank assumed the obligations under these swaps and provided guaranteed fixed rate funding to these housing associations. These loans made up the of bulk of the new loans granted by NWB Bank in 2012. Although NWB Bank experienced an increase in its lending activities in 2012 (primarily as a result of new long-term lending in the social housing sector), long-term lending volumes have not returned to pre-global economic and financial crisis levels, and investment levels of NWB Bank's public sector clientele remain under pressure.

The demand for loans with longer maturities has steadily increased in the periods under review. To fund its operations, the public sector requires finance with long fixed-rate periods. In 2012, there was a growth in the demand for such finance, fueled further by the absolute low capital market rates. Although such long fixed-rate

periods carry higher credit spreads than shorter periods, as in the case in the international capital markets, customers deliberately choose to have longer terms, including of up to 40 years, to mitigate their interest rate risks.

Assets

In 2012 NWB Bank's total assets increased by €8,388 million to 76,084 million at 31 December 2012 compared to total assets of €67,696 million at 31 December 2011 which represented an increase of €10,338 million compared to €57,358 million at 31 December 2010. The increase in total assets at 31 December 2012 was predominantly due to plummeting interest rates, which caused an increase in loans and receivables of €5,265 million to €59,197 million at 31 December 2012 compared to €53,932 million at 31 December 2011, with only €2,668 resulting from an increase in new lending, and an increase in collateral held to secure obligations owed to NWB Bank of €2,395, caused by higher swap-related collateral obligations and market value adjustments in most of NWB Bank's long-term lending portfolios made in connection with further drops in interest rates. The increase in total assets at 31 December 2011 compared to the total assets at 31 December 2010 was principally due to a combination of derivative assets, new lending and increased collateral under derivative transactions.

Banks

This item mainly comprises collateral under collateral agreements held to secure obligations under derivative contracts owed to NWB Bank. The collateral included in this item is not at the disposal of NWB Bank.

31 December 2012 compared to 31 December 2011

Banks increased by €2,395 million to €6,726 million at 31 December 2012 from €4,331 million at 31 December 2011. This increase was directly attributable to higher swap-related collateral obligations owed to NWB Bank of €2,395 million in the year ended 31 December 2012 relating to increases in the market value of derivative contracts outstanding in connection with lower interest rates.

31 December 2011 compared to 31 December 2010

anks increased by €1,968 million to €4,331 million at 31 December 2011 from €2,363 million at 31 December 2010. This increase was directly attributable to the increase in collateral held to secure obligations owed to NWB Bank of €1,968 million in the year ended 31 December 2011 relating to increases in the market value of derivative contracts outstanding.

Loans and receivables

This item consists of loans and receivables stated at amortized cost, other than interest-bearing securities, from customers other than banks. The receivables, which, apart from certain employee loans, are all to public-sector customers, are mostly long-term. Public-sector loans and receivables include those to or guaranteed by the Dutch government and public authorities abroad, and to government-controlled public limited liability companies and other businesses or institutions whose tasks derive from public authorities. A provision for doubtful debts is formed in the event of expected uncollectibility. Given the risk profile of NWB Bank's counterparties, which is supported by the fact that NWB Bank has never suffered a loan loss in its history, a provision for uncollectibility as at 31 December 2012 is not necessary.

	As of 31 December		
	2012	2011	2010
	(€ millions)		
The breakdown of public-sector loans and receivables by nature of the loan or receivable is as follows:			
Loans and receivables from or under guarantee from the Dutch government[1]	49,964	46,756	43,190
Loans to and receivables from or under guarantee from foreign governments	-	26	126
Other loans and receivables from the public sector and others	354	365	361
Value adjustment for fair value hedge accounting[2]	8,900	6,803	3,299

	As of 31 December		
	2012	2011	2010
		(€ millions)	
Fair value of separated derivatives embedded in loans and receivables[3]	(20)	(17)	(7)
Total	59,197	53,932	46,968

(1) Includes support provided indirectly by the Dutch State through public authorities and treated as guarantees by DNB. For a description of those public authorities, see 'Nederlandse Waterschapsbank N.V. – Customers'.

(2) A value adjustment is made to the gain or loss that is attributed to the hedged interest rate risk under hedge accounting.

(3) Embedded derivatives are measured separately if they meet the following criteria: i) there is no close relationship between the economic characteristics and risks of the embedded derivative and those of the host contract, ii) the host contract is not carried at fair value through profit or loss, and iii) a separate instrument having the same characteristics would be classified as a derivative.

31 December 2012 compared to 31 December 2011

Loans and receivables increased by €5,265 million to €59,197 million at 31 December 2012 from €53,932 million at 31 December 2011. The 9.8% growth in loans and receivables in 2012 compared to 31 December 2011 was primarily as a result of the increase in value adjustments for fair value hedge accounting of €2,097 million to €8,900 million at 31 December 2012 from €6,803 million at 31 December 2011 and the net increased long-term lending of €2,668 million. The increase in value adjustments was attributable to the unrealized changes in value as a result of lower interest rates in 2012 compared to 2011 in accordance with hedge accounting principles.

31 December 2011 compared to 31 December 2010

Loans and receivables increased by €6,964 million to €53,932 million at 31 December 2011 from €46,968 million at 31 December 2010. The 13% growth in loans and receivables in 2011 compared to 31 December 2010 was primarily as a result of the increase in value adjustments for fair value hedge accounting of €3,504 million to €6,803 million at 31 December 2011 from €3,299 million at 31 December 2010 and the net increased long-term lending of €3,208 million.

Interest-bearing securities

This item includes loans embodied in interest-bearing securities as well as other interest-bearing securities that form part of the investment portfolio. Interest-bearing securities are intended primarily to be held for an indefinite period and may be sold to meet liquidity requirements or in response to changes in interest rates. They are initially measured at fair value. For subsequent measurement, interest-bearing securities can be divided into the following three categories. Interest-bearing securities held to maturity are measured at amortized cost and include purchased loans and receivables and bonds with fixed or determinable payments that NWB Bank has a positive intention and the contractual and economic ability to hold to maturity. Other interest-bearing securities without public listing are measured at amortized cost. Other interest-bearing securities with public listing are measured at fair value. As long as the value change of an individual interest-bearing security is an unrealized positive change, it is recorded directly in equity. Upon sale, the change is realized and the cumulative unrealized gain or loss on the individual asset recorded directly in equity is taken to profit or loss. Any cumulative unrealized decrease in value below cost is immediately taken to profit or loss. Any subsequent unrealized increases in value of the relevant interest-bearing security is taken to profit or loss to the extent that it is below amortized cost. Any subsequent increase in value above amortized cost is recorded in equity.

If interest-bearing securities are included in a fair value hedge relationship, the effective part of the hedge is recorded in profit and loss, rather than equity. Upon derecognition of financial assets, the cumulative gain or loss recorded in equity is transferred to profit or loss.

	As of 31 December		
	2012	2011	2010
	(€ millions)		
The breakdown of interest-bearing securities is as follows:			
Interest-bearing securities held to maturity	797	842	1,040
Interest-bearing securities with public listing	561	568	1,349
Other interest-bearing securities without public listing	51	61	82
Total	1,409	1,471	2,471

31 December 2012 compared to 31 December 2011

Interest-bearing securities decreased by €62 million to €1,409 million at 31 December 2012 from 1,471 million at 31 December 2011. The decrease in interest-bearing securities in 2012 was due to sales and redemptions of €87 million offset by an increase in value of €24.3 million due to interest rate movements.

31 December 2011 compared to 31 December 2010

Interest-bearing securities decreased by €1,000 million to €1,471 million at 31 December 2011 from €2,471 million at 31 December 2010. The decrease in interest-bearing securities in 2011 was primarily due to the sale of Dutch State interest-bearing securities of €725 million during the period.

Derivative assets

This item consists of interest rate swaps and currency swaps, options and caps. These products are carried at fair value, including accrued interest.

31 December 2012 compared to 31 December 2011

Derivative assets decreased by €657 million to €6,144 million at 31 December 2012 from €6,801 million at 31 December 2011 primarily as a result of changes in the fair value of derivatives. Fair values of interest rate swaps including accrued interest increased by €714 million for the year ended 31 December 2012 due to new transactions and interest rate movements while fair value of currency swaps decreased by around €1,359 million in 2012 due to changes in the exchange rate of the Euro against NWB Bank's funding currencies, mainly, the United States dollar.

31 December 2011 compared to 31 December 2010

Derivative assets increased by €2,142 million to €6,801 million at 31 December 2011 from €4,659 million in 2010 primarily as a result of changes in the fair value of derivatives. Fair values of interest rate swaps including accrued interest increased by €478 million for the year ended 31 December 2011 due to new transactions and interest rate movements while the fair value of currency swaps increased by around €1,556 million in 2011 due to changes in the exchange rate of the Euro against NWB Bank's funding currencies, mainly, the United States dollar.

Prepayments and accrued income

This item primarily comprises interest accrued on interest-bearing assets. It also comprises prepaid amounts for costs related to the next accounting period or periods and the uninvoiced amounts to be received regarding income recognized in the current or previous accounting period or periods.

31 December 2012 compared to 31 December 2011

Prepayments and accrued income increased by €5 million from €809 million at 31 December 2011 to €814 million at 31 December 2012.

31 December 2011 compared to 31 December 2010

Prepayments and accrued income increased by €3 million from €806 million at 31 December 2010 to €809 million at 31 December 2011.

Liabilities

In 2012, total liabilities increased by €8,350 million to €74,858 million at 31 December 2012 compared to total liabilities of €66,508 million at 31 December 2011, which represented an increase of €10,285 million compared to €56,223 million at 31 December 2010. The increase in 2012 compared to 2011 was mainly due to an increase in derivative liabilities attributable to an increase in fair values of interest rate swaps (€2,985 million) and debt securities (€4,985 million).

Banks

This item consists of liabilities, other than debt securities, due to domestic and foreign banks. These liabilities result largely from long-term loans. The collateral included in this item relates to collateral arrangements used to hedge derivatives carried at fair value.

31 December 2012 compared to 31 December 2011

Debt to banks increased by €489 million to €2,525 million at 31 December 2012 from €2,036 million at 31 December 2011. The increase resulted from an increase in loans taken out at banks of €890 million to €1,315 million at 31 December 2012 from €426 million at 31 December 2011 offset in part by a decrease in collateral to €969 million at 31 December 2012 compared to €1,491 million at 31 December 2011 utilized by NWB Bank to secure derivative positions.

31 December 2011 compared to 31 December 2010

Debt to banks increased by €521 million to €2,036 million at 31 December 2011 from €1,515 million at 31 December 2010. The increase was mainly due to an increase in collateral to €1,491 million at 31 December 2011 compared to €1,095 million at 31 December 2010 utilized by NWB Bank to secure derivative positions.

Funds entrusted

This item consists of liabilities, other than debt securities, due to parties other than banks.

31 December 2012 compared to 31 December 2011

The Funds entrusted decreased by €129 million to €1,389 million at 31 December 2012 from €1,518 million at 31 December 2011. This decrease was primarily due to a decrease in short-term deposits.

31 December 2011 compared to 31 December 2010

The Funds entrusted decreased by €839 million to €1,518 million at 31 December 2011 from €2,411 million at 31 December 2010. This decrease was primarily due to a decrease in short-term deposits.

Derivative liabilities

This item consists of interest rate swaps, cross currency interest swaps and foreign exchange swaps, options and caps. These products are carried at fair value.

31 December 2012 compared to 31 December 2011

Derivative liabilities increased by €2,985 million to €11,824 million at 31 December 2012 from €8,839 million at 31 December 2011. The increase in derivative liabilities was attributable to an increase in fair values of interest

rate swaps including accrued interest of €2,735 million for the year ended 31 December 2012 due to new transactions and interest rate movements.

31 December 2011 compared to 31 December 2010

Derivative liabilities increased by €3,135 million to €8,839 million at 31 December 2011 from €5,704 million at 31 December 2010. The increase in derivative liabilities was attributable to an increase in fair values of interest rate swaps including accrued interest of €3,654 million for the year ended 31 December 2011 due to new transactions and interest rate movements, offset in part by a decrease in the fair value of currency swaps of €621 million.

Debt securities

	As of 31 December		
	2012	2011	2010
		(€ millions)	
The breakdown of debt securities is as follows:			
Bond loans	46,223	42,272	39,033
Short-term debt securities	9,512	9,462	6,110
Value adjustments for fair value hedge accounting	2,973	2,074	1,282
Fair value of separated derivatives embedded in debt securities	(405)	(491)	(639)
Total	58,302	53,317	45,786

31 December 2012 compared to 31 December 2011

Debt securities increased by €4,985 million to €58,302 million at 31 December 2012 compared with €53,317 million at 31 December 2011. The increase was primarily due to an increase in bond loans, which resulted from a net increase in borrowing as NWB Bank raised €12.0 billion in the public markets and an increase in the value adjustments for fair value hedge accounting, which resulted from lower interest rates.

31 December 2011 compared to 31 December 2010

Debt securities increased by €7,531 million to €53,317 million at 31 December 2011 compared with €45,786 million at 31 December 2010. The increase was primarily due to an increase in bond loans and short-term debt securities, which resulted from financing of new lending and an increase in cash collateral obligations.

Accruals and deferred income

This item comprises interest accrued on interest bearing liabilities. It also comprises advance receipts for income attributable to the next period or periods and un-invoiced amounts payable in relation to expenses contribution to the past accounting period or periods.

31 December 2012 compared to 31 December 2011

Accruals and deferred income increased by €20 million to €730 million at 31 December 2012 from €710 million at 31 December 2011.

31 December 2011 compared to 31 December 2010

Accruals and deferred income decreased by €28 million to €710 million at 31 December 2011 from €738 million at 31 December 2010.

Information on Financial Assets

Analysis of financial assets according to remaining contractual term

The following table sets forth financial assets according to remaining contractual term, including all future cash flows and notional amounts of currency derivatives and before proposed profit appropriation. The comparative totals for the year ended 2010 also includes the notional amounts of interest rate derivatives.

(in millions of €)	Total	3 months or less	3 months – 1 years	1 year – 5 years	More than 5 years
Assets					
Cash and cash equivalents	1,649	1,649	-	-	-
Banks, loans and receivables	74,545	8,523	4,080	23,171	38,771
Interest-bearing securities	1,412	6	246	689	471
Intangible assets	2	-	-	-	2
Tangible fixed assets	6	-	-	-	6
Income tax	-	-	-	-	-
Derivative assets	18,001	354	314	2,286	15,047
Other assets	138		138	-	-
Total as at 31 December 2012	95,753	10,532	4,778	26,146	54,297
Total as at 31 December 2011	85,922	7,709	4,884	23,168	50,162
Total as at 31 December 2010	113,938	6,682	7,516	34,990	64,750

Interest rate risk analysis

An example of a gap analysis according to interest rate period at 31 December 2012 is shown below. The fair value of all instruments is presented. The derivatives include notional amounts to give a clearer picture of interest rate positions.

(in millions of €)	Total	3 months or less	3 months – 1 years	1 year – 5 years	More than 5 years
Assets					
Loans and receivables and interest-bearing securities	67,858	15,008	4,536	20,202	28,112
Fixed-interest derivative assets	1,381	763	101	176	341
Variable-interest derivative assets	28,915	2,504	1,619	6,405	18,387
Total assets	43,749	38,320	5,420	2	7
Liabilities					
Banks, funds entrusted and debt securities	27,966	4,554	1,984	10,572	10,856
Fixed-interest derivative liabilities	64,471	10,365	3,771	15,894	34,441
Variable-interest derivative liabilities	47,336	41,726	5,017	321	272
Total liabilities	139,773	56,645	10,772	26,787	45,569
Total assets less liabilities 2012	2,130	(50)	904	(2)	1,278
Total assets less liabilities 2011	2,184	(832)	2,281	(19)	753
Total assets less liabilities 2010	1,766	2,823	(1,414)	(703)	1,060

Weighted credit risk analysis

The table below provides information on the weighted credit risk (including commitments for loans not yet taken out) to which NWB Bank is subject in accordance with DNB standards as at 31 December 2012, 2011, 2010:

(in millions of €)	Unweighted 2012(4)	Weighted 2012(5)	Unweighted 2011(4)	Weighted 2011(5)	Unweighted 2010(4)	Weighted 2010(5)
Central governments[1]	2,056	0	1,471	0	966	0
Regional governments[1]	16,077	0	15,060	0	14,845	0
Institutions with delegated government duties	48,419	425	44,598	387	40,004	369
Development banks[1]	66	0	63	0	78	0
International organizations[1]	12	0	12	0	12	0
Counterparty banks[2]	7,713	324	5,893	556	3,496	345
Securities covered by collateral[3]	746	174	792	158	860	172
Other	10	10	11	11	19	18
Total	75,099	933	67,900	1,112	60,280	904

(1) 0% risk weighted.

(2) Counterparty risks and money market lending come under the 20% and 50% risk weighted categories.

(3) Includes a portfolio of Residential Mortgage Backed Securities, most of which carry a 20% risk weighting and a small portion carries a 100% or a 50% risk weighting.

(4) Total nominal amount including amounts subject to risk weighting.

(5) Amounts subject to risk weighting.

The table below provides a breakdown of loans granted by NWB Bank by type of borrower:

Loans portfolio (in millions of €)	31 December 2012	2011	2010
Water boards	4,868	4,751	4,673
Municipal authorities	6,819	6,838	6,797
Other public authorities	384	447	486
Social Housing corporations	31,492	28,936	26,829
Healthcare institutions	3,509	3,461	3,355
Under governments guarantee	527	499	130
Joint schemes	224	222	417
Government-controlled public limited liability companies[1]	257	248	234
Other[2]	62	72	251
	48,142	45,474	43,172

(1) Includes loans to Dutch utility companies, which carry a 100% risk-weighting.

(2) Includes loans which carry a 0%, 20%, 35%, 50% or 100% risk-weighting.

Liquidity and Capital Resources

Cash flow analysis for NWB Bank for the years ended 31 December 2012, 2011, 2010

The following table sets out selected cash flow information for the years ended 31 December 2012, 2011, 2010.

	31 December		
	2012	2011	2010
	(€ millions)		
Net cash flow from (used in) operating activities	(4,553)	(5,739)	(2,036)
Net cash flow from investing activities	85	953	435
Net cash flow from financing activities	5,841	5,049	1,147
Net movement in cash and cash equivalents	1,373	263	(454)

Cash flow from operating activities

Net cash flow used in operating activities was €4,553 million in 2012 compared to €5,739 million in 2011. The cash outflow of €4,553 million in 2012 was mainly attributable to movements in bank loans and receivables and public sector loans and receivables caused by lower levels of interest on the portfolio.

NWB Bank's total cash flow from operating activities was a cash outflow of €5,739 million in 2011 compared to a cash outflow of €2,036 million in 2010. The cash outflow in 2011 and 2010 was primarily the result of movements in bank loans and receivables and public sector loans and receivables, caused in part by lower levels of lending in 2011 compared with 2010.

Cash flow from investing activities

Cash flows from investing activities in 2012 were net inflows of €85 million compared to net inflows of €953 million in 2011. The cash inflows were related to sales and redemptions of interest bearing securities.

Cash flows from investing activities in 2011 were net inflows of €953 million compared to net inflows of €435 million in 2010. The cash inflows were principally related to sales and redemptions of interest-bearing securities.

Cash flow from financing activities

Cash flows from financing activities were inflows of €5,841 million and €5,049 million in 2012 and 2011 respectively. The cash inflows were principally related to higher levels of issuance of long-term bonds (€12.3 billion) offset only in part by repayments of €7 billion. The amounts raised in excess of repayments were used to support new lending activity.

Cash flows from financing activities were inflows of €5,049 million and €1,147 million in 2011 and 2010, respectively. The net inflows in 2011 reflected €2,095 million from long-term financing compared to €4,087 million in 2010 and an increase in net flows from commercial paper of €2,977 million in 2011 compared to net outflows of €2,900 million in 2010. The amounts raised were in excess of repayments and were used to fund new lending during 2011. NWB Bank paid out dividends of €23 million in 2011 and €40 million in each of 2010 and 2009 respectively.

External sources of funding, financing and indebtedness

Despite continued market dislocation in 2012, due mainly to the continuing European sovereign debt crisis, NWB Bank maintained a good funding record with a diversified investor base and well spread tenors. Although there has been significant interventions by governments and other non-governmental bodies during and since the financial crisis in 2008/2009, capital and credit markets around the world continue to be volatile and subject to intermittent and prolonged periods of disruption. In particular, increasingly toward the second half of 2011 and continuing into the first half of 2012, a heightened risk of sovereign default relating to certain EU member states focused on the GIIPS, had a negative impact on capital and credit markets. Such challenging economic and market conditions exerted both downward pressure and upward pressure on funding costs. As the European sovereign debt

crisis continued into 2012, credit markets remained volatile and credit spreads remained high, remaining above the levels that preceded the global economic and financial crisis. Despite this environment, NWB Bank has benefited from its low risk profile and was able to continue to access the capital markets.

NWB Bank's long-term funding is almost entirely carried out through the issuance of bonds under this Program with €60 billion (or the equivalent in other currencies) available to be issued. At 31 December 2012 €44 billion was issued and outstanding under this program. NWB Bank's funding policy is designed to provide it flexibility to respond to investor demand. This approach seeks to strengthen relations with investors and enable NWB Bank to attract funding on competitive terms. NWB Bank issues bonds in several currencies, with the terms and conditions tailored to the needs of both institutional and private investors. In addition to the Debt Issuance Program, NWB Bank has a Kauri bond program for issuing up to AUD 5 billion denominated in Australian and New Zealand dollars. At 31 December 2012 AUD (equivalent) of €0.6 billion had been issued under this program.

In 2012, NWB Bank issued €12 billion (2011: €7.7 billion; 2010: €9.7 billion) of long-term debt instruments (with a maturity of more than one year) for its lending and refinancing purposes. The weighted average maturity of the issues made in 2012 and 2011 were 8.2 years (2010: 5.8 years).

NWB Bank has a €15 billion (or the equivalent in other currencies) Euro Commercial Paper and Certificate of Deposit Program. In 2012, NWB Bank issued in aggregate over the year of €27 billion under this program (2011: €23 billion; 2010: €27 billion). At 31 December 2012 NWB Bank had €10 billion outstanding under its Euro Commercial Paper Program (2011: €9.5 billion) as NWB Bank took advantage of the continuing low commercial paper rates to finance a portion of its business. In March 2013 NWB Bank established a U.S. $10 billion U.S. Commercial Paper Program.

Each year, NWB Bank issues a number of benchmark bonds so that NWB Bank yield curves in Euros and US Dollars are and continue to be available to institutional investors. In 2012 NWB Bank completed 4 benchmark issues, including three in euros and one in US dollars. In 2011 NWB Bank completed 5 benchmark issues, including taps, totaling €5.4 billion with amounts ranging from €0.8 billion to €1.4 billion. In 2010 NWB Bank completed five benchmark bond issues in Euros and US Dollars with amounts ranging from €0.7 billion to €1.1 billion.[28]

NWB Bank also maintains a collateral position at DNB, to further mitigate any potential liquidity risk in times of market stagnation. Virtually the entire loan portfolio of NWB Bank is accepted as collateral at DNB. The collateral value of the portion of the portfolio pledged as collateral to DNB was €9.9 billion in 2012, €11.0 billion in 2011 and €12.8 billion in 2010.[29]

The following table presents NWB Bank's long-term bonds by currency of issuance as at 31 December for each of the last three years.

	31 December		
	2012(1)	**2011[(1)]**	**2010(1)**
		(millions)	
Euros	22,009	18,290	19,734
US Dollars	13,440	14,766	10,437
Pounds Sterling	2,648	1,487	1,280
Australian Dollars	1,653	1,190	1,340
Swedish Krona	2,100	550	–
Swiss Francs	5,550	5,375	5,825
Japanese Yen	468,560	515,769	530,079
Other	5,418	3,120	4,120
Total (in Euros)	46,647	42,728	40,360

[28] Derived from NWB Bank's internal management information.

[29] Derived from the periodic collateral statement provided to NWB Bank by DNB.

(1) Derived from NWB Bank's internal management information.

Analysis of financial liabilities according to remaining contractual terms to maturity

The following table sets forth financial liabilities according to remaining contractual term, including all future cash flows and notional amounts of currency derivatives and before proposed profit appropriation. The comparative totals for the year ended 2010 also include the notional amounts of interest rate derivatives.

(in millions of €)	Total	3 months or less	3 months – 1 years	1 year – 5 years	More than 5 years
Liabilities					
Banks, funds entrusted and debt securities	63,815	12,348	4,472	25,251	21,744
Other liabilities	379	-	379	-	-
Derivative liabilities	29,482	453	1,196	5,585	22,248
Accruals and deferred income	3	-	-	-	3
Provisions	27	-	27	-	-
Income tax	2	-	-	-	2
Deferred tax liabilities	1,226	-	-	-	1,226
Total as at 31 December 2012	94,934	12,801	6,074	30,836	45,223
Total as at 31 December 2011	84,472	14,426	5,058	27,173	37,815
Total as at 31 December 2010	111,747	15,348	11,360	37,407	47,632

Irrevocable commitments

The following table sets forth NWB Bank's irrevocable commitments:

	31 December		
	2012	2011	2010
	(€ millions)		
Loans granted but not yet made	3,110	4,000	4,363
Collateral commitments	186	-	-
Increase in *'klimleningen'* owing to accrued interest	1	1	1
Unused current account overdraft facilities	441	518	758
Unused financing facilities	526	754	1,188
Guarantees issued	2	3	3
	4,267	5,276	6,314

Capital Management

The main capital ratio is calculated in accordance with the standards set by the Financial Services Act (*Wet op het financieel toezicht*). These standards are based on the international solvency guidelines of the Basel Committee on Banking Supervision. The ratio compares the total capital base (net of proposed dividends) and the total of risk-weighted assets and off-balance sheet items. The minimum required ratio of total capital to risk-weighted assets is 8%.

With effect from 1 January 2008, NWB Bank switched from the Basel I to the Basel II supervisory regime.

There are three pillars of the Basel II supervisory regime:

Pillar 1: the minimum capital requirements for each category of risk: credit risk, market risk, operational risk and concentration risk;

Pillar 2: internal processes for risk management and setting internal capital requirements: Supervisory Review and Evaluation Process (SREP) and Internal Capital Adequacy Assessment Process (ICAAP), outlier criterion and stress tests;

Pillar 3: publication of financial headline figure requirements: market discipline and transparency.

Pillar 1

The standardized method for credit risk uses external ratings linked to certain risk weightings. NWB Bank uses the credit ratings of Moody's and S&P.

The market risk concerns risks in the trading portfolio and currency and commodity risks. NWB Bank does not keep a trading portfolio and can apply an add-on to the credit risk in line with the standardized method for any residual market risk.

When calculating qualifying capital for operational risk, NWB Bank uses the basic indicator approach. Under this approach, 15% of the relevant indicator is taken as a benchmark for the operational risk. The relevant indicator is the three-year average of the total of the annual net interest income and the annual net non-interest income at the end of the financial year. For NWB Bank, the indicator is limited to the net interest income.

The Large Positions rule limits the concentration risk of a bank. NWB Bank's large positions are connected to the swap portfolio and interbank deposits. These positions are limited as much as possible by concluding collateral agreements and applying netting.

The table below presents a calculation of the Pillar 1 solvency index ratio as at 31 December 2012, 2011, 2010:

	31 December		
	2012	**2011**	**2010**
Equity excluding revaluation reserves and profit for the year	1,225	1,185	1,110
Revaluation reserves	1	3	2
Total equity (A)	1,226	1,188	1,112
Weighted credit risk	934	1,112	904
Weighted operational risk	169	203	209
Total weighted risks (B)	1,103	1,315	1,113
Solvency index ratio (A/B)	111%	90.3%	99.9%

The near 21% rise in the solvency index ratio in 2012 compared with 2011 was caused mainly by further mitigating the risk run on swap counterparties by entering into collateral support agreements with swap counterparties where such agreements were not already in place. The sharp increase in this ratio in 2011 was caused mainly by an increase in the potential credit risk in the swap portfolio, due to the growth in that portfolio combined with increased counterparty risk.

Pillar 2

The SREP is an evaluation by DNB, acting in its capacity of supervisory authority, in which it attempts to establish that a bank has its solvency management and capital adequacy, and therefore also its ICAAP, in order.

The outlier criterion sets a maximum interest rate risk that a bank may run on its equity.

Stress tests can be applied under pillar 1 and pillar 2. Using sensitivity analyzes or scenarios, banks can gain a better understanding of their risk profile. A best practice for stress tests does not exist yet, which means that each bank needs to develop its own practice. NWB Bank uses stress testing in practice, but is working on further improving its stress testing framework.

Pillar 3

Market discipline and transparency in the publication of solvency risks are important elements of the Basel rules for Pillar 3. Central to these publications is information on the solvency and the risk profile of a bank.

On 16 December 2010, the Basel Committee on Banking Supervision published its final standards on the revised capital adequacy framework (Basel III). These are significantly more stringent than the existing requirements. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, on 20 July 2011 the European Commission proposed a legislative package to strengthen the regulation of the banking sector. This package is known as 'CRD IV'. CRD IV will replace the current Capital Requirements Directives (2006/48 and 2006/49) with a directive and a regulation (the Capital Requirements Regulation or 'CRR') and aims to create a sounder and safer financial system. The CRD IV-directive governs amongst other things the access to deposit-taking activities while the CRD IV-regulation establishes the majority of prudential requirements institutions need to respect. On 16 April 2013 the European Parliament approved the proposed CRD IV. On 24 April 2013 the Dutch Ministry of Finance published the legislative proposal for the Act implementing CRD IV for public consultation. It is expected that the implementation of CRD IV will begin to take effect in national legislation as of 1 January 2014 and that the application in full of all measures under CRD IV will have to be completed before 1 January 2019.

CRD IV, in implementing Basel III, is intended to increase the quality and quantity of capital, require increased capital against derivative positions and introduce a capital conservation buffer, a counter-cyclical buffer, a new liquidity framework (liquidity coverage ratio and net stable funding ratio) as well as a leverage ratio. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets. If Basel III is followed under CRD IV, the leverage ratio may not fall below 3%, though there is still uncertainty as to the exact implementation of the leverage ratio under CRD IV. The ultimate aim of Basel III/CRD IV is to reduce leverage in order to bring institutions' assets more in line with their capital. The liquidity coverage ratio addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days.

Due to the structure of NWB Bank's balance sheet and its lending mainly to Dutch public sector borrowers with currently zero risk weighting, NWB Bank may not be able to meet the stricter capital and liquidity requirements set under Basel III, in particular the leverage ratio. The volatility in total assets caused by changing interest rates that affect swap-related collateral obligations and require market value adjustments in most of NWB Bank's long-term lending portfolios, makes it difficult to manage balance sheet ratios. NWB Bank believes this volatility would warrant an additional capital buffer on top of the required 3% in order to prevent any unintended failure to achieve the target ratio. To date NWB has managed its balance sheet and regulatory capital (its balance sheet capital ratio at 31 December 2012 was 1.6% compared to 1.8% at 31 December 2011) on the basis that substantially all its assets carry a zero risk-weighting. When its non-risk weighted assets are included and if CRD IV, in implementing Basel III, requires the minimum leverage ratio of 3%, in order to meet such ratio, NWB Bank could be required either to significantly increase its Tier-1 capital or reduce its lending. In order to increase its Tier-1 capital, in addition to retaining profits, NWB Bank may need to issue other capital instruments, such as hybrid debt instruments, which may carry a higher cost of funding than its existing long-term debt. Having to increase Tier-1 capital and/or reduce lending could have an adverse effect on NWB Bank's business and/or results of operations. See 'Nederlandse Waterschapsbank N.V. – European Supervision and Regulation – Capital Requirements Directive'.

In early 2011, NWB Bank decided that future profits would be added to the reserve to the maximum extent possible as long as the leverage ratio is below the proposed 3% Basel III requirement. NWB Bank believes that the Basel 'one size fits all' approach results in a leverage ratio requirement that is inconsistent with business models and risk profiles of European public sector banks. The new leverage ratio may result in excessive capitalization, which is inefficient and permanently reduces shareholder returns. Since 2010 the Managing Board has been in discussions with the regulatory authorities and expressly objected to applying the 3% leverage ratio. NWB Bank intends, and expects other specialist lenders to the public sector in the Netherlands and other European countries, to advocate for a suitable capital requirement for public sector banks. The authorities have taken cognizance of the objections raised by NWB Bank to the leverage ratio. The CRD IV explicitly states that when reviewing the impact of the leverage

ratio on different business models, particular attention should be paid to business models which are considered to entail risk, such as mortgage lending and specialized lending with regional governments, local authorities or public sector entities. NWB Bank therefore believes that specific parties such as public-sector banks may be subject to a more tailored treatment with respect to the leverage ratio. In the run-up to 2018, NWB Bank's policy is geared to gradually approximating the 3% leverage ratio that is still currently expected to become mandatory. Besides retaining future profits, the Bank will consider other options for increasing its leverage ratio in the years ahead.

Hedging Risks with Derivatives

As described in 'Hedging Policy of NWB Bank' above, NWB Bank uses derivatives to manage its interest rate and currency risks. To limit the credit risks associated with these derivatives as much as possible NWB Bank's policy is to only enter into transactions with counterparties with a single A rating at a minimum and limits are set to minimize the total exposure from derivatives. The fair values of these derivatives can, depending on the agreements reached with counterparties, be hedged by collateral agreements (also known as CSAs). NWB Bank's policy is to conclude CSAs with all new counterparties and to ensure that netting agreements apply.

In the periods ended 31 December 2012 and 2011, the creditworthiness of some financial counterparties decreased to such an extent that the positions held were reduced. Portfolio management, monitoring and collateral management were stepped further up with respect to individual derivatives portfolios for all counterparties, as well as for the total derivatives portfolio. For example, risk concentrations in the swap portfolio are assessed and managed and the portfolio's spread across rating categories and countries monitored more closely. Of the total derivatives portfolio at 31 December 2012, over 15% of the contracts (measured by notional amounts) were entered into with financial institutions that have at least double A ratings.

The total fair value exposure from derivatives to financial counterparties at year-end 2012 was €1,387 million, of which €969 million was covered by collateral pledged to NWB Bank (2011: €2,538 million and €1,491 million; 2010: €1,569 million and €1,095 million). The total fair value exposure from derivatives from financial counterparties at year-end 2012 was €7,243 million, of which €6,725 million was covered by collateral provided by NWB Bank (2011: €4,524 million and €4,330 million; 2010: €2,613 million and €2,578 million).

The tables below break down counterparty risk by rating category as of 31 December 2012:

Positive replacement values of derivatives:

Rating	Notional amount	Fair value	Collateral
		(€ millions)	
AAA	1,190	187	175
AA	3,372	337	75
A	14,390	863	719
Total	18,952	1,387	969

Negative replacement values of derivatives:

Rating	Notional amount	Fair value	Collateral
		(€ millions)	
AAA	11,742	838	789
AA	72,996	6,376	5,937
A	316	29	-
Total	85,054	7,243	6,725

NWB Bank's policy is to eliminate all currency risks on both loans granted and borrowings. Currency risks arise primarily in respect of funds borrowed by NWB Bank. NWB Bank borrows significant amounts in foreign

currency. The resulting currency risks are fully hedged immediately by entering into cross currency interest rate and FX swaps.

The table below shows the nominal values in millions in local currencies.

	2012			2011			2010			
CCY	Asset	Liability	Derivatives	Asset	Liability	Derivatives	Asset	Liability	Derivatives	Total
AUD	-	(1,906)	1,906	-	(1,366)	1,366		(1,370)	1,370	–
CAD.....	-	(416)	416	-	(609)	609		(607)	607	–
CHF	-	(5,747)	5,747	-	(5,443)	5,443		(6,033)	6,033	–
GBP	-	(4,056)	4,056	-	(3,332)	3,332		(2,017)	2,017	–
HKD	-	(1,253)	1,253	-	(2,311)	2,311		(2,652)	2,652	–
JPY	-	(430,560)	430,560	-	(480,969)	480,969		(530,079)	530,079	–
NOK	-	(4,125)	4,125	-	(500)	500	-	-	-	-
NZD.....	-	(230)	230	-	(33)	33		(34)	34	–
SEK.....	-	(2,100)	2,100	-	(865)	865	-	-	-	-
USD	138	(22,942)	22,804	(160)	(22,436)	22,276	163	(16,768)	16,605	–
ZAR	-	-	-	-	(125)	125		(875)	875	–

The assets are recognized in the statement of financial position under Loans and receivables and Available-for-sale financial assets. The liabilities are recognized under the item financial liabilities stated at fair value through profit or loss.

Off Balance Sheet Arrangements and Contingent Liabilities

Off balance sheet arrangements

NWB Bank has no off balance sheet arrangements, as determined for purposes of Dutch GAAP.

Contingent liabilities

This includes commitments which could arise on guarantees issued (standby letters of credit) in connection with the cross-border financing of water boards and bank guarantees issued to business contacts. NWB Bank's contingent liabilities at 31 December 2012 were €91 million compared to €206 million at 31 December 2011 and €199 million at 31 December 2010.

Critical Accounting Policies and Estimates

The preparation of NWB Bank's Financial Information in accordance with Dutch GAAP requires it to make estimates and assumptions that have an impact on the application of accounting policies and the reported value of assets and liabilities and of income and expenditure. The estimates and associated assumptions are based on past experience, market information and various other factors considered to be reasonable given the circumstances. The outcomes form the basis for the opinion on most of the carrying amounts of assets and liabilities which cannot be easily established from other sources. The actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions of estimates are recognized in the period in which the estimate was revised if the revision only has consequences for that period, or in the period of revision and future periods if the revision has consequences for both the reporting period and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are described in the principal accounting policies that can be found in the notes to the Financial Information under 'Significant assumptions and estimation uncertainties' which is incorporated by reference in this Base Prospectus.

BALANCE SHEET

The following table sets out the balance sheet information for the years ended 31 December 2012, 2011, 2010.

	As of 31 December		
	2012	2011	2010
	(€ millions)		
Assets			
Cash and cash equivalents	1,649	276	13
Banks	6,726	4,331	2,363
Loans and receivables	59,197	53,932	46,968
Interest-bearing securities	1,409	1,471	2,471
Tangible fixed assets	6	6	7
Intangible assets	2	2	1
Income tax		-	18
Deferred tax assets	-	-	0
Other assets	137	68	52
Derivative assets	6,144	6,801	4,659
Prepayments and accrued income	814	809	806
Total assets	76,084	67,696	57,358
Equity and Liabilities			
Banks	2,525	2,036	1,515
Funds entrusted	1,389	1,518	2,411
Debt securities	58,302	53,317	45,786
Income tax	27	22	-
Deferred tax liabilities	2	2	-
Other liabilities	56	61	66
Derivative liabilities	11,824	8,839	5,704
Accruals and deferred income	730	710	738
Provisions	3	3	3
Total liabilities	74,858	66,508	56,223
Paid-up and called-up share capital	7	7	7
Interest-bearing securities revaluation reserve	1	3	1
Other revaluation reserves	0	0	1
Other reserves	1,178	1,103	1,035
Profit for the year	40	75	91
Equity	1,226	1,188	1,135
Total Equity and Liabilities	76,084	67,696	57,358
Contingent liabilities	91	206	199
Irrevocable commitments	4,267	5,276	6,315

INCOME STATEMENT

The following table sets out the income statement information for the years ended 31 December 2012, 2011, 2010.

	Year Ended 31 December		
	2012	2011	2010
	(€ millions)		
Interest and similar income	1,864	1,832	1,779
Interest and similar expense	1,757	1,757	1,675
Interest	107	75	104
Results from financial transactions	(24)	38	30
Other operating income	-	-	-
TOTAL OPERATING INCOME	83	113	134
Employee benefits expense	6	5	4
Other administrative expenses	6	9	6
Contribution to Stichting NWB Fonds	-	-	2
Employee benefits expense and other administrative expenses	12	14	12

	Year Ended 31 December		
	2012	2011	2010
	(€ millions)		
Depreciation, amortization and value adjustments of tangible and intangible	2	1	1
Bank tax	12	-	-
Other operating expenses	-	-	-
Total operating expenses	26[1]	15	13
Profit from ordinary operations before tax	57	98	121
Tax on profit from ordinary operations	17	23	30
Net profit	40	75	91

(1) Including bank tax.

CASH FLOW STATEMENT

The following table sets out cash flow statement information for the years ended 31 December 2012, 2011, 2010.

	Year ended 31 December		
	2012	2011	2010
Profit before income tax	70	98	121
Adjusted for:			
Depreciation and amortization	2	1	1
Change in fair value of assets and liabilities	18	154	(68)
Changes in:			
Bank loans and receivables not available on demand	(2,028)	(1,542)	(1,248)
Public-sector loans and receivables	(3,171)	(3,470)	(2,942)
Funds entrusted	(129)	(950)	(454)
Income tax paid	(10)	40	1
Bank tax paid	(12)	-	-
Other assets and liabilities	707	(70)	57
Net cash flows used in operating/banking activities	(4,553)	(5,739)	(2,036)
Additions to interest-bearing securities	-	(250)	0
Sales and redemptions of interest-bearing securities	86	1,204	437
Balance	86	954	437
Additions to property and equipment	(1)	(1)	(2)
Disposals	0	0	0
Balance	(1)	(1)	(2)
Additions to intangible assets	(1)	(1)	0
Net cash flows from investing activities	85	953	435
Issued bond loans, notes	12,337	8,092	9,679
Repayment of bond loans, notes	(7,120)	(5,997)	(5,592)
Issued CD/CP	26,708	23,104	27,035
Repayment of CD/CP	(26,084)	(20,127)	(29,935)
Balance	5,841	5,072	1,187
Dividend paid	-	(23)	(40)
Net cash flows from financing activities	5,841	5,049	1,147
Cash and cash equivalents as at 1 January	276	13	467
Cash and cash equivalents as at 31 December	1,649	276	13
Cash and cash equivalents comprise:			
Banks, balances available on demand	0	0	0
Banks, cash and receivables	1,649	276	13
Cash and cash equivalents as at 31 December	1,649	276	13

TAXATION

Taxation in the Netherlands

General

The following is a general summary of certain Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as holders that are subject to taxation in Bonaire, St. Eustatius or Saba, or 'afgezonderd particulier vermogen' ('APV'), as defined in The Netherlands Income Tax Act 2001, trusts or similar arrangements, or the settlers or beneficiaries of such APVs, trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their tax advisors with regard to the tax consequences of investing in the Notes 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, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

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

(i) holders of Notes 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 or deemed substantial interest 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 the 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 arises 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 exempt from Netherlands corporate income tax;

(iii) holders of Notes who receive or have received the Notes as employment income, deemed employment income or receive benefits from the Notes as a remuneration or deemed remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001); and,

(iv) holders of Notes if such Notes are or treated as (a) shares (*aandelen*), (b) profit-sharing certificates (*winstbewijzen*), (c) debt characterized as equity for Netherlands tax purposes or (d) redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by the Issuer or a related entity. With respect to item (c) above, please be informed that legislation stipulates that debt will be treated as equity, if the debt is created under such conditions that it in effect functions as equity. Pursuant to Dutch case law, debt will in any event function as equity if the debt (i) carries a profit dependent interest (ii) is perpetual (whereby debt with a maturity in excess of 50 years is considered to be perpetual) as such that the outstanding amount can only be claimed upon liquidation or bankruptcy of the debtor; and (iii) the debt is subordinated to all other debt. A consequence of equity treatment is withholding

tax in respect of interest payments (please also refer to Condition 8 on pages 108-109 of this Base Prospectus).

Withholding tax

All payments of principal or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on income and capital gains

Residents of the Netherlands

Generally speaking, if the holder of the Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 25% (a corporate income tax rate of 20% applies with respect to taxable profits up to €200,000, the bracket for 2013).

If a holder of the Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

(i) the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise without being a shareholder (as defined in The Netherlands Income Tax Act 2001); or

(ii) the holder of the Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are (otherwise) taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of the Notes, such holder will be taxed annually on a deemed income of 4 % of his/her net investment assets for the year at an income tax rate of 30 %. The net investment assets for the year is the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. An actual gain or loss in respect of the Notes is as such not subject to Netherlands income tax.

Non-residents of the Netherlands

A holder of Notes that is neither resident nor deemed to be resident of the Netherlands (and, in the event such holder is an individual, such holder has not made an election for the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands to apply to such holder) will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, 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 in the Netherlands and to which enterprise or part of an enterprise the Notes 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 that go beyond ordinary asset management and does not derive benefits from the Notes that are (otherwise) 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 by way of a gift by or on behalf of, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his/her death. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

Non-residents of the Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of Notes by way of gift by or on behalf of, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless the transfer is 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 resident in the Netherlands. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

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 the Notes on any payment in consideration for the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

Other taxes and duties

No Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by the holders of the Notes in respect or in connection with the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

United States Federal Income Taxation

General

This disclosure is limited to the U.S. federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal tax treatment of the Notes. This tax disclosure was written in connection with the promotion or marketing of the Notes by the Issuer, and it cannot be used by any holder for the purpose of avoiding penalties that may be asserted against the holder under the U.S. Internal Revenue Code of 1986, as amended. Holders should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a discussion of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes issued in registered form by the U.S. Holders described below. This disclosure does not address Notes issued in bearer form, which generally may not be offered or sold in the United States or to U.S. persons (as defined for U.S. federal income tax purposes). Unless an exemption applies, a U.S. person who holds a Bearer Note or Coupon will not be entitled to deduct any loss on the Bearer Note or Coupon and must treat as ordinary income any gain realized on the sale or other disposition (including the receipt of principal) of the Bearer Note or Coupon.

This discussion only applies to Notes that are purchased by a U.S. Holder described below who purchases Notes at the ‘issue price,’ which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the Notes is sold for money, and holds the Notes as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- regulated investment companies;
- insurance companies;
- real estate investment trusts;
- dealers in securities or foreign currencies;
- traders in securities that elect to use a mark-to-market method of tax accounting;
- persons holding Notes as part of a hedging transaction, straddle, conversion or other integrated transaction;
- persons whose functional currency is not the US Dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;
- persons subject to the alternative minimum tax; or
- persons carrying on a trade or business in the Netherlands through a permanent establishment.

If a partnership holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Thus, partnerships and persons who are partners in a partnership holding the Notes should consult their own tax advisers.

This discussion does not address the potential application of the provisions of the U.S. Internal Revenue Code of 1986, as amended, known as the 'Medicare contribution tax'.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended to the date hereof, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes (possibly with retroactive effect) to any of which subsequent to the date of this Base Prospectus may affect the tax consequences described herein. Persons considering the purchase of Notes are urged to consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This discussion applies only to Notes that are classified as indebtedness for U.S. federal income tax purposes. This discussion does not apply to every type of Note that may be issued under the Program, including certain Floating Rate Notes, Dual Currency Notes, FX Linked Interest Notes, Notes to which a change of Interest Basis Option applies and any other Notes that are subject to different U.S. federal income tax consequences than those described below. Additional material U.S. federal income tax consequences of such Notes may be addressed in a new base prospectus or drawdown prospectus, as applicable.

As used herein, the term ‘U.S. Holder’ means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;

- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or of any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of Interest. Interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, provided that the interest is qualified stated interest (as defined below). Any amounts of tax withheld with respect to interest paid on the Notes and any additional amounts paid with respect to interest will be treated as ordinary interest income. Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating the U.S. Holder's foreign tax credit limitation. The rules governing foreign tax credits are complex and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes, if any, in their particular circumstances. Special rules governing the treatment of interest paid with respect to Original Issue Discount Notes, including certain Variable Rate Notes and Foreign Currency Notes are described under '—Original Issue Discount' and '—Foreign Currency Notes' below.

Original Issue Discount. A Note that is issued at an issue price less than its 'stated redemption price at maturity' will be considered to have been issued at an original issue discount for U.S. federal income tax purposes (and will be referred to in this section as an 'Original Issue Discount Note') unless the Note satisfies a *de minimis* threshold (as described below) or is a Short-Term Note (as defined below). The 'stated redemption price at maturity' of a Note will equal the sum of all payments required under the Note other than payments of 'qualified stated interest'. 'Qualified stated interest' is stated interest unconditionally payable as a series of payments in cash or property (other than in debt instruments of the Issuer) at least annually during the entire term of the Note and equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest or, subject to certain conditions, based on one or more floating rates or indices.

All stated interest on a Variable Rate Note (as defined below) will constitute qualified stated interest if it provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term of the Note that is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually. Therefore, such a Variable Rate Note will not be treated as having been issued with original issue discount unless it is issued at a 'true' discount (i.e., at a price below the Note's stated principal amount in excess of a specified de minimis amount). In general, a 'Variable Rate Note' is a Note that provides for one or more qualified floating rates of interest, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate (as such terms are defined in applicable Treasury regulations), provided that the issue price of the Note does not exceed the total noncontingent principal payments due under the Note by more than an amount equal to the lesser of (x) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date or (y) 15% of the total noncontingent principal payments.

A 'qualified floating rate' is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Rate Note is denominated. An interest rate that is based on the product of a qualified floating rate and a fixed multiple or that subjects a qualified floating rate to a cap, floor, governor or similar restriction, may also be treated as a qualified floating rate if certain conditions are satisfied. An 'objective rate' is generally a rate that is determined using a single fixed formula and that is based on objective financial or economic information. If a Variable Rate Note provides for two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. If interest on a debt instrument is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. Two or more qualified floating rates or a fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding sentences if the values of the applicable rates on the issue date are within 1/4 of one percentage point of each other. If a

Variable Rate Note provides for stated interest other than qualified stated interest or is issued with a true discount, the U.S. federal income tax treatment of such Note will be more fully described in an applicable Final Terms.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., 1/4 of one percent of the stated redemption price at maturity multiplied by the number of complete years to maturity, then the Note will not be considered to have original issue discount.

A U.S. Holder of an Original Issue Discount Note will be required to include any qualified stated interest payments in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes and will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest. Under this method, U.S. Holders of Original Issue Discount Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any Note (including stated interest, original issue discount or *de minimis* original issue discount, as adjusted by any amortizable bond premium) in accordance with a constant-yield method based on the compounding of interest (a 'constant-yield election').

A Note that matures one year or less from its date of issuance (a 'Short-Term Note') will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. In general, a cash-method U.S. Holder of a Short-Term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so. U.S. Holders who so elect and certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant-yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realized on the sale, exchange or retirement of the Short-Term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant-yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, such U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry Short-Term Notes in an amount not exceeding the accrued discount that has not been included in income.

Under applicable Treasury regulations, if the Issuer or the holder has an unconditional option to redeem a Note prior to its stated maturity date and certain other conditions are met, this option will be presumed to be exercised if, by utilizing any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, in the case of the Issuer's option, the yield on the Note would be lower than its yield to the stated maturity date or, in the case of the holder's option, the yield on the Note would be higher than its yield to the stated maturity date. If this option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of a Note is generally the issue price of the Note, increased by the amount of original issue discount includible in gross income of any holder and decreased by the amount of any payment previously made, other than a payment of qualified stated interest.

Contingent Payment Debt Instruments. Special rules govern the tax treatment of debt obligations that are treated under applicable Treasury regulations as providing for contingent payments ('Contingent Payment Debt Instruments'). These rules generally require accrual of interest income on a constant-yield basis at an assumed yield determined at the time of issuance of the obligation. Adjustments will be required to these accruals when any contingent payments are made that differ from the payments calculated based on the assumed yield. Generally, any gain on the sale, exchange, retirement or other disposition of a Contingent Payment Debt Instrument will be ordinary income. The U.S. federal income tax treatment of any Notes that are treated as Contingent Payment Debt Instruments will be more fully described in a new base prospectus or drawdown prospectus, as applicable.

Amortizable Bond Premium. If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, the U.S. Holder will be considered to have purchased the Note with amortizable bond premium equal to this excess. The U.S. Holder may elect to amortize this premium, using a constant-yield method, over the remaining term of the Note. Special rules may apply in the case of Notes that are subject to optional redemption. A U.S. Holder may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in the U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder who elects to amortize bond premium must reduce its tax basis in the Note by the amount of the premium amortized in any year. An election to amortize bond premium applies to all taxable debt obligations held by the U.S. Holder on or after the first day of the taxable year in which the election is made and may be revoked only with the consent of the Internal Revenue Service.

If a U.S. Holder makes a constant-yield election (as described under '—Original Issue Discount' above) for a Note with amortizable bond premium, such election will result in a deemed election to amortize bond premium for all of the U.S. Holder's debt instruments with amortizable bond premium and may be revoked only with the permission of the Internal Revenue Service with respect to debt instruments held or acquired after the election.

Sale, Exchange or Retirement of the Notes. Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. Gain or loss, if any, will generally be U.S. source for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realized does not include any amount attributable to accrued qualified stated interest, which will be treated as interest as described under '—Payments of Interest' above. A U.S. Holder's adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in the Note increased by any original issue discount included in income and decreased by any bond premium previously amortized and principal payments or payments other than qualified stated interest previously received.

Except as described below, gain or loss realized on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held for more than one year. An exception to this general rule applies in the case of a Short-Term Note to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See 'Original Issue Discount' above. In addition, other exceptions to this general rule apply in the case of certain Foreign Currency Notes and Contingent Payment Debt Instruments. See '—Foreign Currency Notes' below and '—Contingent Payment Debt Instruments' above.

Foreign Currency Notes. The rules applicable to Notes issued in a currency other than US Dollars ('Foreign Currency Notes') could require some or all of the gain or loss on the sale, exchange or other disposition of a Foreign Currency Note to be recharacterized as ordinary income or loss. The rules applicable to Foreign Currency Notes are complex and their application may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Foreign Currency Notes.

A U.S. Holder who uses the cash method of tax accounting and who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or other disposition attributable to accrued qualified stated interest) in a foreign currency with respect to a Foreign Currency Note will be required to include in income the US Dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted into US Dollars at that time, and this US Dollar value will be the U.S. Holder's tax basis in the foreign currency received.

An accrual-method U.S. Holder will be required to include in income the US Dollar value of the amount of interest income (including original issue discount, but reduced by amortizable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during an accrual period. The US Dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two

taxable years, at the average rate for the partial period within the taxable year. The U.S. Holder may recognize ordinary income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition attributable to accrued interest is actually received. The amount of ordinary income or loss recognized will equal the difference between the US Dollar value of the foreign currency payment received (determined based on a spot rate on the date the payment is received) in respect of the accrual period and the US Dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of cash-method U.S. Holders who are required to currently accrue original issue discount on a Foreign Currency Note. An accrual-method U.S. Holder may elect to translate interest income (including original issue discount) into US Dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service.

Original issue discount and amortizable bond premium on a Foreign Currency Note are to be determined in the relevant foreign currency.

If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Gain or loss attributable to fluctuations in exchange rates will be realized on amortized bond premium with respect to any period by treating the bond premium amortized in the period in the same manner as it would have been treated on the sale, exchange or retirement of the Foreign Currency Note. Any such exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any bond premium will be taken into account in determining the overall gain or loss on the Notes and any loss realized on the sale, exchange or retirement of a Foreign Currency Note with amortizable bond premium by a U.S. Holder who has not elected to amortize the premium will be a capital loss to the extent of the bond premium, subject to the discussion of foreign currency loss below.

A U.S. Holder's tax basis in a Foreign Currency Note, and the amount of any subsequent adjustment to the U.S. Holder's tax basis (including adjustments for original issue discount included as income and any bond premium previously amortized or principal payments received), will be the US Dollar value of the foreign currency amount paid for such Foreign Currency Note, and of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Holder who purchases a Foreign Currency Note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between the U.S. Holder's tax basis in the foreign currency and the US Dollar fair market value of the Foreign Currency Note on the date of purchase.

Gain or loss realized upon the sale, exchange or retirement of a Foreign Currency Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the US Dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of (or if the Note is traded on an established securities market, on the settlement date if the holder is a cash basis U.S. Holder or an electing accrual basis U.S. Holder); and (ii) the US Dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued qualified stated interest will be treated in accordance with the rules applicable to payments of interest on Foreign Currency Notes described above. The foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange or retirement of the Foreign Currency Note. The foreign currency gain or loss for U.S. Holders will be U.S. source. Any gain or loss realized by a U.S. Holder in excess of the foreign currency gain or loss will be capital gain or loss (except in the case of a Short-Term Note, to the extent of any discount not previously included in the U.S. Holder's income).

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Foreign Currency Note equal to the US Dollar value of the foreign currency, determined at the time of sale, exchange or retirement. Provided the Foreign Currency Notes are traded on an established securities market, a cash-

method U.S. Holder who buys or sells a Foreign Currency Note is required to translate units of foreign currency paid or received into US Dollars at the spot rate on the settlement date of the purchase or sale. An accrual-method U.S. Holder may elect the same treatment for all purchases and sales of Foreign Currency Notes, provided the Foreign Currency Notes are traded on an established securities market. This election cannot be changed without the consent of the Internal Revenue Service. Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for US Dollars or its use to purchase Foreign Currency Notes) will be ordinary income or loss.

A U.S. Holder may be required to file a reportable transaction disclosure statement with the U.S. Holder's U.S. federal income tax return, if such U.S. Holder realizes a loss on the sale or other disposition of a Foreign Currency Note and such loss is greater than applicable threshold amounts, which differ depending on the status of the U.S. Holder. A U.S. Holder that claims a deduction with respect to a Foreign Currency Note should consult its own tax adviser regarding the need to file a reportable transaction disclosure statement.

Backup Withholding and Information Reporting. Information returns may be filed with the Internal Revenue Service in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain individual U.S. Holders (and under proposed Treasury regulations, certain entities) may be required to report to the Internal Revenue Service certain information with respect to their beneficial ownership of Notes not held through a U.S. financial institution. U.S. Holders who fail to report the required information could be subject to substantial penalties.

Potential U.S. FATCA withholding after 31 December 2016. Under certain provisions of the U.S. Internal Revenue Code (commonly referred to as 'FATCA') and the U.S. Treasury regulations thereunder, NWB Bank, if NWB Bank enters into an agreement (a 'FATCA Agreement') with the U.S. Internal Revenue Service (the 'IRS'), or another intermediary that is a participating FFI may be required to withhold a 30% tax from certain payments made after 31 December 2016 to the extent such payments are considered to be 'foreign passthru payments' (which term is not yet defined), if such a payment is made to a 'foreign financial institution' that is not a participating FFI and is made on Notes issued or materially modified on or after the later of 1 January 2014 and the date that is six months after the date on which final U.S. Treasury regulations defining the term "foreign passthru payments" are issued. It is not yet clear whether or to what extent payments on the Notes may be treated as foreign passthru payments.

In addition, the U.S. Treasury Department is negotiating intergovernmental agreements with a number of countries. In the event that an intergovernmental agreement were applicable to NWB Bank, NWB Bank may not need to enter into a FATCA Agreement with the IRS and NWB Bank may not be required to withhold on any foreign passthru payments made by it. Prospective investors should consult their tax advisers regarding the application of FATCA to an investment in the Notes.

Taxation in Luxembourg

The comments below are intended as a basic summary of certain withholding tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception

of payments made to certain individual Noteholders and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg non-residents. Under Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the 'Savings Directive') and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union, a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain "residual entities" resident or established in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or, in case of an individual beneficiary, for the tax certificate procedure. "Residual entities" within the meaning of Article 4.2 of the Savings Directive are entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, and that are not and have not opted to be considered as UCITS recognized in accordance with the European Council Directive 85/611/EEC as replaced by the European Council Directive 2009/65/EC), or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

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

Luxembourg residents. In accordance with the law of 23 December 2005, as amended by the law of 17 July 2008, on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognized in accordance with the European Council Directive 85/611/EEC as replaced by the European Council Directive 2009/65/EC or for the exchange of information regime) are subject to a 10 per cent. withholding tax.

Taxation in France

The following is an overview addressing only the French compulsory withholding tax treatment of income arising from the Notes. This overview is (i) based on the laws and regulations in full force and effect in France as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the assumption that the Issuer is not a French resident for French tax purposes and the Notes are not attributed or attributable to a French branch, permanent establishment or place of business for French tax purposes. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors are therefore advised to consult their own qualified advisers so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Notes.

All payments by the Issuer in respect of the Certificates will be made free of any compulsory withholding or deduction for or on account of any income tax imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein, except that subject to certain exceptions, interest and other similar revenues paid by paying agents established in France and received from 1 January 2013 by individuals who are fiscally domiciled in France are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest and other similar revenues paid by paying agents established in France to individuals who are fiscally domiciled in France.

The EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments has been implemented into French law under article 242 ter of the French tax code (*Code Général des impôts*), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners resident in another Member State, including the identity and address of the beneficial owner and a detailed list of different categories of interest paid to the beneficial owner.

Taxation in Germany

On the date of this Base Prospectus, there is in the Federal Republic of Germany no statutory obligation for the Issuer to withhold or deduct any German withholding tax at source from payments of interest and repayments of capital on the Notes as well as gains from the disposal, redemption, repayment or assignment of the Notes, unless the Issuer qualifies as a German Disbursing Agent (as defined below) with respect to the Notes.

German withholding taxation on investment income (*Kapitalertragsteuer*), for the withholding of which a German Disbursing Agent (as defined in the following sentence) may be responsible, is to be distinguished from the aforesaid. If the Notes are kept in a securities deposit account by a German branch of a German or non-German credit institution (*Kreditinstitut*) or financial services institution (*Finanzdienstleistunginstitut*), a German securities trading company (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (altogether a 'German Disbursing Agent'), the German Disbursing Agent will withhold the flat tax in an amount of 25 per cent. plus a 5.5 per cent. solidarity surcharge thereon (resulting in a total withholding tax charge of 26.375 per cent.) on payments of interest and on gains from the disposal, redemption, repayment or assignment of Notes. Individuals subject to church tax may apply in writing for church tax to be levied by way of withholding also.

Where the Notes are not kept in a securities deposit account with a German Disbursing Agent and interest or proceeds from the disposal, redemption, repayment or assignment of the Notes are paid by a German Disbursing Agent upon delivery of the Notes or interest coupons, withholding tax will generally also apply.

However, in general, non-residents of Germany are not subject to such withholding tax, subject to meeting certain further requirements. Withholding tax levied may be refunded based on an assessment to tax or under an applicable tax treaty.

By legislative regulations dated 26 January 2004 the German Federal Government enacted provisions implementing the information exchange on the basis of the EU Savings Directive into German law. These provisions apply from 1 July 2005.

Taxation in the United Kingdom

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law as applied in England and Wales and published HM Revenue and Customs ("**HMRC**") practice (which may not be binding on HMRC) relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes and is not intended to be exhaustive. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders should seek their own professional advice based on their individual circumstances.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax, provided such interest is not treated as arising in the United Kingdom for the purposes of section 874 of the United Kingdom Income Tax Act 2007. It is currently expected that payments of interest on the Notes should not be treated as arising in the United Kingdom for these purposes.

EU Savings Directive

Under the EC Council Directive 2003/48/EC on the taxation of savings income (the 'EU Savings Directive'), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments deducting tax at rates rising over time to 35% which may decrease the net proceeds on the Notes received by an investor (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

CERTAIN ERISA AND OTHER CONSIDERATIONS

Benefit Plan Investor Considerations

The Employee Retirement Income Security Act of 1974, as amended ('ERISA'), and Section 4975 of the U.S. Internal Revenue Code of 1986, (the 'Code'), impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include 'plan assets' by reason of any such plan's or arrangement's investment therein (we refer to the foregoing collectively as 'Plans') and (d) persons who are fiduciaries with respect to Plans. In addition, certain governmental, church and non-U.S. plans ('Non-ERISA Arrangements') are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to other laws that are substantially similar to those provisions (each, a 'Similar Law').

In addition to ERISA's general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, *i.e.*, 'parties in interest' as defined in ERISA or 'disqualified persons' as defined in Section 4975 of the Code (we refer to the foregoing collectively as 'parties in interest') unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. The Issuer, and its current and future affiliates, including the calculation agent, may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the Notes should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Code. For example, the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between the Issuer and an investing Plan which would be prohibited if the Issuer is a party in interest with respect to the Plan unless exemptive relief were available.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the Notes, should consider the relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan neither pays more nor receives less than adequate consideration in connection with the transaction (the so-called 'service provider exemption'). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Each purchaser or holder of a Note, and each fiduciary who causes any entity to purchase or hold a Note, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such Note, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding the Note on behalf of or with the assets of any Plan or Non-ERISA Arrangement; or (ii) its purchase, holding and subsequent disposition of such Note shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the Notes. Each purchaser of the Notes will have exclusive responsibility for ensuring that its purchase, holding and subsequent deposition of the Notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. Nothing herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

PLAN OF DISTRIBUTION

Under the Program, Notes may be issued from time to time by the Issuer to any one or more of the Dealers. The Dealers have, in an amended and restated program agreement dated 28 May 2013 (as further amended and/or supplemented and/or restated from time to time, the 'Program Agreement'), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under 'Form of the Notes' and 'Terms and Conditions of the Notes' above. In the Program Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the redocumentation of the Program and the issue of Notes under the Program. The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplemental base prospectus, a new base prospectus or a drawdown prospectus, as appropriate, 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 AFM.

Conflicts

Certain of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in future receive, customary fees and commissions for these transactions.

In addition in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer. Certain of the Dealers or their affiliates may have a lending relationship with the Issuer and may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

General

Each Dealer has represented and agreed and each further Dealer appointed under the Program 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 Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or a transaction not subject to, the

registration requirements of the Securities Act and applicable United States state securities laws, or pursuant to an effective registration statement.

The 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. Treasury 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 Program will be required to represent and agree, that, except as permitted by the Program Agreement, it will not offer, sell or deliver such Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the relevant Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the relevant Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S. $200,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are 'restricted securities' within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by it, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as 'restricted securities' within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

The Notes in bearer form will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) or, any successor rules in substantially the same form as such rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the 'TEFRA D Rules'), unless the applicable Final Terms specify that the Notes will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(C) or, any successor rules in substantially the same form as such rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the 'TEFRA C Rules').

In respect of Notes in bearer form issued or to be issued in accordance with the TEFRA D Rules, each Dealer has represented and agreed (and each further Dealer appointed under the Program will be required to represent and agree) that:

(a) except to the extent permitted under the TEFRA D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and (ii) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;

(b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes 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 TEFRA D Rules;

(c) if such Dealer is a United States person, it represents that it is acquiring the Notes for purposes of resale in connection with their original issuance and, if such Dealer retains Notes 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) or any successor provision for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended;

(d) with respect to each affiliate (if any) that acquires from such Dealer Notes for the purposes of offering or selling such Notes during the restricted period, such Dealer either (i) hereby represents and agrees on behalf of such affiliate (if any) to the effect set forth in sub-paragraphs (a), (b) and (c) of this paragraph or (ii) agrees that it will obtain from such affiliate (if any) for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c) of this paragraph; and

(e) such Dealer will obtain for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b), (c) and (d) of this paragraph from any person other than its affiliate with whom it enters into a written contract, as defined in U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(4) or any successor provision for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended, for the offer and sale of Notes during the restricted period.

Terms used in the above paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the TEFRA D Rules.

Notes issued pursuant to the TEFRA D Rules and any receipts or coupons appertaining thereto will bear the following legend:

> 'ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.'

Where the TEFRA C Rules are specified in the applicable Final Terms as being applicable in relation to any issue of Notes in bearer form, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Accordingly, each Dealer has represented and agreed (and each additional Dealer appointed under the Program will be required to represent and agree) in respect of such Notes that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any such Notes within the United States or its possessions in connection with the original issuance. Further, each Dealer has represented and agreed (and each further Dealer appointed under the Program will be required to represent and agree) in connection with the original issuance of such Notes, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such purchaser is within the United States or its possessions and will not otherwise involve the U.S. office of such Dealer in the offer and sale of Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA C Rules.

Each Dealer has agreed, and each further Dealer appointed under the Program will be required to agree, that it has not entered and will not enter into any contractual arrangements with respect to the distribution or delivery of Notes except with its affiliates (if any) or with the prior written consent of the Issuer.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a '**Relevant Member State**'), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program 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 which are the subject of the offering

contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) 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 (i) to (iii) 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, the expression '**Prospectus Directive**' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression '**2010 PD Amending Directive**' means Directive 2010/73/EU.

United Kingdom

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

(a) in relation to any Notes which have a maturity of less than one year, (i) 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 (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or 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 Financial Services and Markets Act 2000 (the 'FSMA') by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(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.

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, the "Financial Instruments and Exchange Act"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means

any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that unless the applicable Final Terms specify that this provision does not apply because the standard exemption wording required by Article 5:20(5) of the Netherlands Act on Financial Supervision (*Wet op het financieel toezicht*) is not applicable, it will not make an offer of Notes to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Prospectus Directive or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Netherlands Act on Financial Supervision (*Wet op het financieel toezicht*), provided that no such offer of Notes 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.

Each Dealer has represented and agreed that Zero Coupon Notes (as defined below) in definitive form of the Issuer 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 of Euronext Amsterdam with due observance of the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of (a) the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) the issue and trading of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of their initial distribution or immediately thereafter. In the event that the Dutch 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 and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. For purposes of this paragraph '**Zero Coupon Notes**' means 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.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, Notes to the public in France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Base Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals – all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D411-1 of the French *Code monétaire et financier*.

TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Regulation S Notes

Each purchaser of Bearer Notes or Registered Notes offered and sold outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes;

a. it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and

b. it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:

a. in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

b. to the Issuer; or in the case of Registered Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB;

in each case in accordance with any applicable securities laws of any State of the United States; and

(iii) it understands that the Issuer, the Registrars, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer.

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in a Regulation S Global Note may be transferred to a person who wishes to hold such Notes in the form of an interest in a Rule 144A Global Note only (a) upon receipt by the relevant Registrar of a written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A or (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States and, in each case, in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Registered Global Note, as described below.

Notes represented by an interest in Legended Notes may also be transferred to a person who wishes to hold such Notes in the form of an interest in a Regulation S Global Note, but only upon receipt by the relevant Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made on or prior to the fortieth day after the relevant issue date, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream.

Any interest in a Note represented by a Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Rule 144A Global Note will, upon transfer, cease to be an interest in a Note represented by a Regulation S Global Note and become an interest in a Note represented by a Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Rule 144A Global Note.

Rule 144A Notes

Each purchaser of Notes that is a U.S. person or within the United States, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Issuer or any of its affiliates, in each case in accordance with any applicable securities laws of any State of the United States and (2) it will, and each subsequent holder of the Registered Notes offered and sold in the United States is required to, notify any purchaser of such Notes from it of the resale restrictions applicable to such Notes;

(iii) either (A) it is not, it is not acting on behalf of, and for so long as it holds a Note (or any interest therein), it will not be (i) an 'employee benefit plan' that is subject to Title I of ERISA, (ii) an individual retirement account or other arrangement subject to the Code, (iii) an entity whose underlying assets include plan assets by reason of any such plan's or arrangement's investment therein or (iv) a governmental, church or non-U.S. plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ('Similar Law'), or (B) its purchase and holding of a Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any Similar Law;

(iv) the purchaser understands that the Notes in registered form other than the Regulation S Global Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

'THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE '**SECURITIES ACT**'), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF THE NOTES REPRESENTED HEREBY, THE HOLDER (A) REPRESENTS THAT IT IS A 'QUALIFIED INSTITUTIONAL BUYER' (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTES REPRESENTED HEREBY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE

ISSUE DATE (OR THE DATE ON WHICH FULL CONSIDERATION HAS BEEN PAID FOR PARTLY PAID NOTES) AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH NOTES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTES REPRESENTED HEREBY ARE TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS NOTE CERTIFICATE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF BUT UPON NOTICE TO, THE HOLDERS OF THE NOTES REPRESENTED HERBY SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THE NOTES REPRESENTED HEREBY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THE NOTES REPRESENTED HEREBY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THE NOTES REPRESENTED HEREBY AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFORE, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

BY ITS PURCHASE AND HOLDING OF THE NOTES REPRESENTED HEREBY (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED EITHER THAT (A) IT IS NOT, IT IS NOT ACTING ON BEHALF OF, AND FOR SO LONG AS IT HOLDS THE NOTES REPRESENTED HEREBY (OR ANY INTEREST THEREIN) WILL NOT BE (I) AN 'EMPLOYEE BENEFIT PLAN' THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ('**ERISA**'), (II) AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE '**CODE**'), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF ANY SUCH PLAN'S OR ARRANGEMENT'S INVESTMENT THEREIN, OR (IV) A GOVERNMENTAL OR CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ('**SIMILAR LAW**'), OR (B) ITS PURCHASE AND HOLDING OF THE NOTES REPRESENTED HEREBY WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILAR LAW.'

(v) if it is acquiring any Notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(vi) it understands that the Issuer, the Registrars, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Notes represented by an interest in Legended Notes may be transferred (a) to a person who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification or (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in an Regulation S Global Note will, upon transfer, cease to be an interest in a Rule 144A Global Note and become an interest in an Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Regulation S Global Note.

Prospective purchasers that are QIBs are hereby notified that sellers of the Rule 144A Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

GENERAL INFORMATION

Authorization

The establishment of the Program and the issue of Notes under the Program have been duly authorized by a resolution of the Managing Board dated 1 September 1995. An increase of the size of the Program was duly authorized by a resolution of the Board dated 1 May 1997, and further increases in the size of the Program were duly authorized by resolutions of the board on 30 March 1998, 1 May 2001, 21 October 2005, 7 November 2005 and 27 April 2010, 3 January 2011, 29 August 2011 and 26 April 2012. The further update and increase of the Program was duly authorized by the Supervisory Board on 25 April 2013 and the Managing Board on 26 April 2013. All consents, approvals, authorizations or other orders of all regulatory authorities required by NWB Bank under the laws of the Netherlands have been given for the issue of Notes and for NWB Bank to undertake and perform its obligations under the Program Agreement, the Agency Agreement and the Notes.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which NWB Bank is aware), nor have there been any such proceedings during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of NWB Bank.

Significant Change

There has been no significant change in the financial or trading position of NWB Bank and no material adverse change in the financial position or prospects of NWB Bank since 31 December 2012.

Listing of Notes

Application may be made for the Notes to be issued under the Program to be listed on (i) Euronext Amsterdam, (ii) the Luxembourg Stock Exchange, (iii) Euronext Paris, (iv) Eurex Deutschland and (v) the London Stock Exchange.

Auditors

The audited information of NWB Bank as at and for the years ended 31 December 2010, 2011 and 2012 have been audited by KPMG Accountants N.V. KPMG Accountants N.V. is located at Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands. The individual auditors of KPMG Accountants N.V. are members of the NBA, the *Nederlandse Beroepsorganisatie van Accountants*, the Dutch accountants board.

The auditor's report in respect of the audited financial information as at and for the years ended 31 December 2010, 2011 and 2012 (incorporated by reference), are included in the form and context in which they appear with the consent of KPMG Accountants N.V. who have authorized the inclusion of these auditor's reports. As the Notes have not been and will not be registered under the Securities Act, KPMG Accountants N.V. have not filed and will not file a consent under the Securities Act.

Documents Available

Throughout the life of the Program, copies of the following documents will, when published, be available, free of charge, at the registered office of NWB Bank and at the specified office of the Principal Paying Agent and the Non-U.S. Paying Agent:

(a) an English translation of NWB Bank's deed of incorporation and the most recent Articles of Association;

(b) the audited financial information and audit reports as at and for the years ended 31 December 2010, 2011 and 2012 prepared on the basis of Dutch GAAP;

(c) the annual reports of NWB Bank for the three most recent financial years (which contain financial statements as at and for the years ended 31 December 2012 and 2011 prepared in accordance with Dutch GAAP and as at and for the year ended 31 December 2010 prepared in accordance with IFRS-EU);

(d) the most recently available published unaudited interim financial reports of NWB Bank (in each case translated into English);

(e) the Program Agreement and any agency agreement (which contain the forms of the Temporary and Permanent Bearer Global Notes, the Definitive Bearer Notes, the Registered Global Notes, the Individual Note Certificates, the Receipts, the Coupons and the Talons);

(f) a copy of this Base Prospectus; and

(g) any future base prospectuses, offering circulars, supplementary listing particulars, information memoranda and supplements (including the Final Terms in respect of listed Notes) to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing and Settlement Systems

The Notes have been accepted for clearing through Euroclear, Clearstream, Luxembourg, the Clearnet S.A. Amsterdam Branch Stock Clearing and DTC. The appropriate common code, ISIN, CUSIP and/or any other relevant security code will be specified in the applicable Final Terms.

Euroclear's offices are situated at 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. Clearstream, Luxembourg's offices are situated at 42 Avenue J.F. Kennedy, 1855 Luxembourg. The address of Clearnet S.A. Amsterdam Branch Stock Clearing is Vijzelstraat 79, 1017 HG Amsterdam. The address of DTC is 55 Water Street, New York, NY 10041, United States of America.

Conditions for determining price

The price and amount of Notes to be issued under the Program will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

ABN AMRO Bank N.V.

ABN AMRO Bank N.V. is not registered with the U.S. Securities and Exchange Commission as a broker-dealer and, therefore, will not participate in the offer or sale of the Notes within the United States. To the extent that it intends to effect any sales of the Notes in the United States, it will do so through one or more U.S. registered broker-dealers in accordance with the applicable U.S. securities laws and regulations, and as permitted by the Financial Industry Regulatory Authority regulations.

REGISTERED OFFICE OF THE ISSUER

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NON-U.S. PAYING AGENT

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