de Volksbank N.V.

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

€300,000,000 Undated Green Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities

Issue Price 100%

€300,000,000 Undated Green Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities (the "**Capital Securities**") will be issued by de Volksbank N.V. (the "**Issuer**"). The issue price of the Capital Securities is 100% of their Original Principal Amount (as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below). The Capital Securities will constitute unsecured and subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves, as described in Condition 3 (*Status of the Capital Securities*) in "*Terms and Conditions of the Capital Securities*" below.

The Capital Securities will bear interest on their Prevailing Principal Amount (as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below), payable (subject to cancellation as described below) semi-annually in arrear on 15 June and 15 December in each year (each an "**Interest Payment Date**"), from (and including) 15 June 2022 (the "**Issue Date**") to (but excluding) 15 December 2027 (the "**First Reset Date**") at the fixed rate of 7% per annum. The rate of interest will reset on the First Reset Date and on each fifth anniversary thereafter (each a "**Reset Date**"). The Issuer may, in its sole discretion, elect to cancel the payment of interest on the Capital Securities (in whole or in part), and it will be required to cancel the payment of interest, including Additional Amounts thereon, where applicable, on the Capital Securities to the extent that the Distributable Items are, or the Maximum Distributable Amount then applicable to the Issuer is, insufficient or at the order of the Competent Authority. As a result, holders of Capital Securities ("**Holders**") may not receive interest on any Interest Payment Date. Interest that is cancelled will not be due on any subsequent date, and the non-payment will not constitute a default by the Issuer. See Condition 4 (*Interest and interest cancellation*) in "*Terms and Conditions of the Capital Securities*" below.

The Prevailing Principal Amount of the Capital Securities will be written down if at any time the Issuer CET1 Ratio falls or remains below 5.125% as determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority (all as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below). Holders may lose some or substantially all of their investment in the Capital Securities as a result of such a write-down. Following such reduction, the Prevailing Principal Amount may, at the Issuer's discretion, be written-up to the Original Principal Amount if certain conditions are met. See Condition 8 (*Principal Write-down and Principal Write-up*) in "*Terms and Conditions of the Capital Securities*" below. In addition, the Capital Securities may become subject to the determination by the relevant Resolution Authority or the Issuer (following instructions from the relevant Resolution Authority) that all or part of the principal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be written off or converted into CET1 instruments or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework ("Statutory Loss Absorption") (see Condition 9 (*Statutory Loss Absorption or Recapitalisation*) in "*Terms and Conditions of the Capital Securities*" below).

The Capital Securities have no fixed maturity and Holders do not have the right to call for their redemption. As a result, the Issuer is not required to make any payment of the principal amount of the Capital Securities at any time prior to its winding-up or insolvency. The Issuer may, at its option, redeem all, but not some only, of the Capital Securities on any day falling in the period commencing on (and including) 15 June 2027 and ending on (and including) the First Reset Date or on each Interest Payment Date after the First Reset Date at their Prevailing Principal Amount plus accrued and unpaid interest (see Condition 6 (*Redemption and Purchase*) in "*Terms and Conditions of the Capital Securities*" below). The Issuer may also, at its option, redeem all, but not some only, of the Capital Securities at any time at their Prevailing Principal Amount plus accrued and unpaid interest (if any) upon the occurrence of a Tax Event or a Capital Event (each as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below). Any optional redemption of Capital Securities by the Issuer will be subject to the general conditions to redemption as set out in Condition 6.6 (*Conditions for Redemption and Purchase*) in "*Terms and Conditions of the Capital Securities*" below. If a Tax Event or a Capital Event has occurred and is continuing, the Issuer may substitute all of the Capital Securities or vary the terms of all of the Capital Securities, without the consent or approval of Holders provided that they become or remain compliant with applicable regulatory capital rules.

Amounts payable under the Capital Securities are calculated by reference to the mid-swap rate for euro swaps with a term of five years which appears on the Reuters screen "ICESWAP2" as of 11:00 a.m. (Central European time) on such Reset Rate of Interest Determination Date (as defined in the Conditions) which is provided by ICE Benchmark Administration or by reference to EURIBOR, which is provided by the European Money Markets Institute. As at the date of this prospectus (the "**Prospectus**"), ICE Benchmark Administration does not appear and the European Money Markets Institute appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Regulation ((EU) 2016/1011) (the "**EU Benchmarks Regulation**"). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the ICE Benchmark Administration is not currently required to be authorised or registered (or, if located outside the European Union, recognition, endorsement or equivalence).

An investment in Capital Securities involves certain risks. Prospective investors should ensure that they understand the nature of the Capital Securities and the extent of their exposure to risks and they should review and consider these risks carefully before purchasing any Capital Securities. In particular, prospective investors should review and consider the risk factors relating to a Principal Write-down (as defined in the Conditions) and interest cancellation and the impact this may have on their investment. For a discussion of these risks see "Risk Factors" beginning on page 10.

This Prospectus has been approved by the Dutch Authority for the Financial Markets (the "**AFM**") in its capacity as competent authority for the purposes of Regulation (EU) 2017/1129, as amended (the "**EU Prospectus Regulation**"). The AFM only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement of the quality of the Capital Securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Capital Securities. Application has been made to Luxembourg Stock Exchange for the Capital Securities to be listed on the Luxembourg Stock Exchange ("**Luxembourg Stock Exchange**"). References in this Prospectus to the Capital Securities being "listed" (and all related references) shall mean that the Capital Securities have been listed and admitted to trading on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended ("**EU MiFID II**").

The Capital Securities will be in bearer form and in denominations of €200,000 and integral multiples of €100,000 in excess thereof up to (and including) €300,000. The Capital Securities will initially be represented by a temporary global capital security (the "**Temporary Global Capital Security**"), which will be deposited with a common safekeeper for Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") on the Issue Date. The Temporary Global Capital Security will be exchangeable for interests in a permanent global capital security (the "**Permanent Global Capital Security**", together with the Temporary Global Capital Security, the Global Capital Securities) not earlier than 40 days after the Issue Date, upon certification

as to non-U.S. beneficial ownership. The Permanent Global Capital Security will be exchangeable for Capital Securities in definitive form (the "**Definitive Capital Securities**") in the limited circumstances set out therein, see "*Form of the Capital Securities*" below.

The Capital Securities are expected to be rated by Moody's France SAS ("**Moody's**"). Moody's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Capital Securities have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Capital Securities may not be offered or sold 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**")). See "*Subscription and Sale*" below.

The Capital Securities should not be sold to retail clients, as defined in EU MiFID II, in the European Economic Area ("EEA"), UK MiFIR (as defined below) in the United Kingdom ("UK") or anywhere else in the world. Prospective investors are referred to the section headed "*Restrictions on marketing and sales to retail investors*" on page 4 of this Prospectus for further information.

This Prospectus is dated 13 June 2022 and constitutes a prospectus for the purposes of Article 6(3) of the EU Prospectus Regulation. This Prospectus will be published in electronic form on the website of the Issuer at https://www.devolksbank.nl on 13 June 2022.

The information on the websites to which a hyperlink has been included in this Prospectus (other than the hyperlinks contained in the section "*Documents Incorporated by reference*") does not form part of this Prospectus and has not been scrutinised or approved by the AFM.

This Prospectus shall be valid for a period of up to 12 months from the date of approval by the AFM and shall expire on 13 June 2023, at the latest. The obligation to supplement this Prospectus, in the event of significant new factors, material mistakes or material inaccuracies only, shall cease to apply upon the expiry of the validity period of this Prospectus.

Structuring Advisor

UBS Investment Bank

Joint Lead Managers

Goldman Sachs Bank Europe SE
Morgan Stanley
UBS Investment Bank

ING
Société Générale Corporate & Investment Banking

The contents of this Prospectus are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters and prospective investors are recommended to consult their own professional advisers for any advice concerning the acquisition, holding or disposal of any Capital Securities.

Before making an investment decision with respect to any Capital Securities, prospective investors should carefully consider all of the information set out in this Prospectus and any accompanying documents, as well as their own personal circumstances. Prospective investors should have regard to, among other matters, the considerations described under the section headed "Risk Factors" in this Prospectus. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

An investment in the Capital Securities is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

This Prospectus constitutes a prospectus for the purposes of Article 6(3) of the EU Prospectus Regulation. This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in "*Subscription and Sale*" below) to subscribe or purchase, any of the Capital Securities. The distribution of this Prospectus and the offering of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Capital Securities come are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

Neither the Issuer nor any of the Joint Lead Managers represent that this Prospectus may be lawfully distributed, or that any Capital Securities 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 any of the Joint Lead Managers which is intended to permit a public offering of any Capital Securities or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Capital Securities may be offered or sold, directly or indirectly, and neither this 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.

For a description of further restrictions on offers and sales of Capital Securities and distribution of this Prospectus, see "*Subscription and Sale*" below. In particular, the Capital Securities have not been, and will not be, registered under the Securities Act and are subject to United States tax law requirements. The Capital Securities are being offered outside the United States by the Joint Lead Managers in accordance with Regulation S and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any document incorporated by reference herein, or any other information supplied in connection with the Capital Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Joint Lead Manager.

Neither this Prospectus nor any other information supplied in connection with the Capital Securities should be considered as a recommendation or a statement of opinion by the Issuer or any Joint Lead Manager that any recipient of this Prospectus or any other information supplied in connection with the Capital Securities should purchase any Capital Securities. Accordingly, no representation, warranty or undertaking, express or implied, is made by any Joint Lead Manager in its capacity as such. Each investor contemplating purchasing any Capital Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the Joint Lead Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus or have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Capital Securities. No Manager or any of their respective affiliates accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Capital Securities or their distribution.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Capital Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Capital Securities is correct as of any time subsequent to the date indicated in the document containing the same.

References to **euro, EUR** and **€** refer to the lawful currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union.

Words and expressions defined in Condition 1 (*Definitions*) of the Terms and Conditions of the Capital Securities shall have the same meanings ascribed to them in Condition 1 (*Definitions*) when used in other parts of this Prospectus.

In connection with the issue of the Capital Securities, UBS AG London Branch (the "**Stabilising Manager**") (or any person acting on behalf of any Stabilising Manager) may over-allot Capital Securities or effect transactions with a view to supporting the market price of the Capital Securities at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Capital Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Capital Securities and 60 days after the date of the allotment of the Capital Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Restrictions on marketing and sales to retail investors

1. The Capital Securities discussed in this Prospectus are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Capital Securities. Potential investors in the Capital Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Capital Securities (or any beneficial interests therein).

2. a) In the UK, the Financial Conduct Authority ("**FCA**") Conduct of Business Sourcebook ("**COBS**") requires, in summary, that the Capital Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK.

b) Each Joint Lead Manager is required to comply with COBS.

c) By purchasing, or making or accepting an offer to purchase, any Capital Securities (or a beneficial interest in such Capital Securities) from the Issuer and/or the Joint Lead Managers (acting as Joint Lead Managers), each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers that:

i) it is not a retail client in the UK; and

ii) it will not sell or offer the Capital Securities (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of this Prospectus or approve an invitation or inducement to participate in, acquire or underwrite the Capital Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

d) In selling or offering the Capital Securities or making or approving communications relating to the Capital Securities you may not rely on the limited exemptions set out in COBS.

3. The obligations in paragraph 2. above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK relating to the promotion, offering, distribution and/or sale of the Capital Securities (or any beneficial interests therein), whether or not specifically mentioned in this Prospectus, including (without limitation) any requirements under the Markets in MiFID II or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Capital Securities (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Capital Securities (or any beneficial interests therein) from the Issuer and/or the Joint Lead Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

Prohibition of sales to EEA retail investors: The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or anywhere in the world. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of sales to UK retail investors: The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of

the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MIFID II product governance / target market: – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment. However, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / target market:

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Arranger and/or any Dealer subscribing for any Capital Securities is a manufacturer under the UK MIFIR Product Governance Rules in respect of such Capital Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Capital Securities. All of these factors and events are contingencies which may or may not occur. In addition, factors which are material for the purpose of assessing the market risks associated with the Capital Securities are also described below.

Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the Issuer's business, financial condition, results of operations and prospects. The Issuer may face a number of these risks described below simultaneously. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section. The relevant risk factors have been included in the most appropriate category.

The Issuer believes that the factors described below represent the material risks inherent in investing in the Capital Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Capital Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Capital Securities are exhaustive. Other risks, events, facts or circumstances not included in this Prospectus, not presently known to the Issuer, or that the Issuer currently deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on the Issuer's group business, financial condition, results of operations and prospects. Prospective investors should carefully read and review the entire Prospectus and should form their own views before making an investment decision with respect to the Capital Securities.

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

Words and expressions defined in the sections headed "Terms and Conditions of the Capital Securities" below shall have the same meaning in this section. References to "the Issuer" in this section are used as a reference to de Volksbank N.V. and its consolidated subsidiaries.

RISKS RELATING TO THE ISSUER

A. Risks related to the Issuer's financial situation

1. The Issuer faces substantial funding and liquidity risk

The Issuer's primary sources of funding are customer deposits and wholesale funding. Customer deposits are currently the main funding source of the Issuer. The amount of such deposits can be volatile and future amounts cannot be predicted with complete certainty. During the COVID-19 crisis, customer deposits have increased substantially, while additional outflow has not been observed. The amount of mortgage loans on the Issuer's balance sheet is therefore currently lower than the amount of customer deposits attracted. The amount of these deposits is sensitive to the savings rates the Issuer pays. This has resulted in a certain dependency on wholesale funding in the money markets and capital markets including the use of securitisation of the mortgage loan portfolio and the issuance of covered bonds. This leads to the diversification of funding through longer fixed maturities, which facilitates liquidity and funding planning.

Good access to the money markets and capital markets may be necessary to finance the growth of the Issuer's mortgage loan portfolio and to refinance all its outstanding loans with a shorter maturity than the mortgage loans in which the money is invested. Access to wholesale funding may be negatively affected by concerns about the credit strength of the Issuer or a downgrade of any of the ratings of the Issuer (for whatever reason), but may also be influenced, *inter alia*, by concerns about the market segments in which the Issuer is active, or by a general market disruption. Any such factors may result in higher funding and refinancing costs for the Issuer in the money markets and capital markets and may also affect or effectively limit access to these markets. Although in addition to customer deposits and wholesale funding the Issuer may have access to the European Central Bank (the "**ECB**") facilities, the sensitivity of the Issuer to a liquidity risk is substantial. Liquidity risk is the risk that the Issuer has insufficient liquid assets available in the short or long term to meet its financial obligations, under normal circumstances or in times of stress, without incurring unacceptable costs or losses. The Issuer may have difficulties in meeting its financial obligations if this liquidity risk materialises and its balance sheet structure may develop in such a way that the Issuer is excessively exposed to disruptions in its funding sources.

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

Ratings in relation to the Issuer are described in the chapter headed '*Description of the Issuer*', section '*Rating Agencies*'. A downgrade of any of the Issuer's ratings would result in higher funding and refinancing costs for the Issuer in the capital markets. Such downgrade may also affect or effectively limit access to the capital markets, because investing in the Issuer will in such case likely be considered less attractive (also because of the Issuer's possible reputational damage) and/or will no longer be allowed for certain investors. In addition, a downgrade of any of the Issuer's ratings may limit its opportunities to operate in certain business areas. For example, the Issuer may hedge its positions in the derivatives market to manage its trading or investment risks in this market, also in relation to the Capital Securities. When rating triggers are present, a decline in the rating of the Issuer below a certain level can alter the obligations of parties to an agreement, such as providing a counterparty to a derivatives contract with the right to demand collateral or lenders the right to demand repayment of a loan. Additionally, a lower rating may result in the Issuer having to post (additional) collateral, counterparties being unwilling to trade with the Issuer and/or a credit rating event being triggered which could potentially result in trades being terminated early.

3. The Issuer's participation in the Deposit Guarantee Scheme may have a material adverse effect on its results of operations and financial condition

The Issuer is a participant in the Dutch Deposit Guarantee Scheme (*Depositogarantiestelsel*, the "**Deposit Guarantee Scheme**"). As a result, the Issuer and other financial institutions are required to quarterly pay risk-weighted contributions into a fund to cover future drawings under the Deposit Guarantee Scheme. The fund, in which the Issuer participates, is expected to grow to a target size of at least 0.8% of all deposits guaranteed under the Deposit Guarantee Scheme, which should be reached by 2024. This quick growth could have a material effect on the Issuer's financial condition. The ultimate costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**"), based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Scheme. Additionally, the Issuer may be faced with extra costs for coverage if any claims are made under the Deposit Guarantee Scheme as a result of any financial institution participating in the Deposit Guarantee Scheme failing to pay claims against it. For example, the Issuer made an advanced contribution to the DNB under the Deposit Guarantee Scheme in relation to its share related to the bankruptcy of DSB Bank in 2009 of which €32 million was still outstanding at 31 December 2021. Consequently, the ultimate costs to the industry of payments which may become due under the Deposit Guarantee Scheme

remain uncertain although they may be significant and the associated costs borne by the Issuer may have a material adverse effect on its results of operations and financial condition.

4. The Issuer has issued guarantees

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

As at the date hereof, the Issuer has issued 403-guarantees for the following subsidiaries: ASN Duurzame Deelnemingen N.V., Pettelaar Effectenbewaarbedrijf N.V. and SNS Global Custody B.V. In the 403-guarantee the Issuer declares itself to be jointly and severally liable for the obligations of the relevant subsidiary resulting from legal acts executed by it. See also the paragraph "*Guarantees pursuant to Article 2:403 of the Dutch Civil Code for Propertize*" in the chapter "*Description of the Issuer*".

If enforced in accordance with its terms, the Issuer may be held liable under these guarantees and therefore may have to pay to that creditor of the relevant subsidiary. Such enforcement of the 403-guarantee could have an adverse effect on the financial position of the Issuer.

5. Interest deduction

A thin capitalisation rule applies to licensed banks and insurers with a registered office in the Netherlands and foreign banks and insurers with a permanent establishment in the Netherlands. For banks, the interest deduction is restricted in case the ratio of CET1 capital relative to the leverage ratio exposure as defined in EU Regulation 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms is less than 9%. This thin capitalisation rule may have an adverse impact on the amount of interest that the Issuer can deduct for Dutch corporate income tax purposes and thus on its financial position.

B. Risks related to the Issuer's business activities and industry

1. The business of the Issuer is primarily concentrated in the Netherlands

The Issuer generates most of its income in the Netherlands and therefore is particularly exposed to the economic, political and social conditions in the Netherlands. Economic conditions in the Netherlands may be negatively influenced by conditions in the global financial markets and economy. Partly due to the economic effect of the COVID-19 outbreak, growth of the Dutch gross domestic product ("**GDP**") has been subdued. Following the growth of 2.90% in 2017 and 2.60% in 2018, GDP grew 1.90% in 2019 and subsequently declined 3.80% in 2020. Any deterioration or merely a long-term persistence of a difficult economic environment in the Netherlands could negatively affect the demand for products and services of the Issuer. In addition, the Issuer is exposed to the risk of a significant deterioration of the financial position of its customers which include small and medium enterprises ("**SME**") in the Netherlands.

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

Residential mortgage loans constitute 70.7% of the Issuer's total assets at year-end 2020. Any material change affecting residential mortgage loans generally and/or of the Issuer specifically will likely have a material impact on the Issuer. An economic downturn, stagnation or drop in property values, changes in or abolition of the tax deductibility of interest payments on residential mortgage loans in the Netherlands, increased and/or decreased interest rates, the financial standing of borrowers or a combination thereof, could lead to a decrease in the production of new mortgage loans and/or increased default rates on existing mortgage loans. The outbreak of

COVID-19 and the measures taken in relation thereto, may directly or indirectly result in increases of defaults under mortgage loans.

Payment holidays have been granted to around 1,900 borrowers (potentially) in distress due to the COVID-19 outbreak pursuant to which borrowers are allowed to defer making payments for up to six (6) months. This may result in payment disruptions and possibly higher losses under the mortgage loans. During this payment holiday borrowers are considered 'Performing Forborne' and allocated in stage 2 under IFRS 9. The impact will strongly depend on the duration and severity of the COVID-19 outbreak. As of end of 31 December 2021, there were 11 borrowers with an active payment holiday. However, new government measures in relation to the outbreak of COVID-19 may result in an increase in requests for payment holidays granted.

Government decisions to stimulate sustainable housing in order to reach the targets of the Dutch climate agreement could have effect on the property values. The government decision to require all newly built buildings to be nearly energy-neutral of 13 December 2019, for example, can have the effect that property values significantly decline due to the rapid influx of new (residential) buildings that qualify as nearly energy-neutral buildings (*bijna energie-neutrale gebouwen*). Government decisions may also, for example, entail a change in the methodology to determine the energy label of property. This may result in the lowering of ensuing energy labels of property when energy labels issued under the old methodology are revised under the new methodology and may as such entail a decline in property values of which the energy label has been lowered as a result of a revision.

A decrease in the level of interest rates on residential mortgage loans could affect the Issuer through, among other things, (i) increased prepayments on the loan and mortgage portfolio, for instance when as a result of low interest rates on saving accounts prepayments on mortgage loans are considered more beneficial to customers than savings, (ii) interest rate averaging and (iii) low margins for mortgage loans, in particular long term mortgages loans.

Any of the above factors, events and developments may have a negative impact on the interest margins of the Issuer on new and existing residential mortgages and may result in a decrease of its existing portfolio and/or in the production of new mortgage loans.

The higher the loan to income ratio, the larger the proportion of the earnings of a borrower that will be needed to pay interest and principal under mortgage loans, especially when confronted with unexpected costs or expenses, or, in respect of an interest-only mortgage loan, the repayment of principal. This loan to income ratio and other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by borrowers and could ultimately have an adverse impact on the ability of borrowers to repay their mortgage loans.

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The deduction period allowed is restricted to a term of 30 years. For the year 2022, the maximum tax rate against which mortgage interest may be deducted for Dutch tax purposes (the "**maximum deductibility rate**") is set at 40%. In 2023, the maximum deductibility rate will further decrease to 37.05% This reduction of the maximum deductibility rate could ultimately have an adverse impact on the ability of borrowers to pay interest and principal on their mortgage loans and may lead to different prepayment behaviour by borrowers on their mortgage loans, and may thus result in higher or lower prepayment rates of such loans.

Any of the aforementioned developments or events may thus be material to the Issuer, considering that its business represents a high percentage of the residential mortgage loans.

3. The Issuer's business and results of operations may be adversely affected by a weakening of economic conditions in Europe

Global markets and economic conditions have been negatively impacted in recent years by the banking and sovereign debt crisis in the EU and globally. In particular, concerns have been raised with respect to continuing economic, monetary and political conditions in the region comprised of the member states of the EU ("**Member States**") that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the "**Eurozone**"). The potential impact of a sovereign default on the Eurozone countries and the risk that some Member States could leave the Eurozone (either voluntarily or involuntarily), continues to raise concerns about the ongoing viability of the euro currency and the Economic and Monetary Union (the "**EMU**"). Despite several measures, amongst which on the level of the ECB, there remains considerable uncertainty as to whether such measures will sustain the economic recovery or avert the threat of sovereign default. The persistent low interest rate environment is causing increased demand for mortgages with longer maturities, whereas as a retail bank it is challenging for the Issuer to be able to make competitive offers to customers. In addition, the business operations of the Issuer, its third party service providers and clients are vulnerable to epidemics or pandemics, outbreaks of infectious diseases or any other serious public health concerns such as the COVID-19 outbreak, whether on a regional or global scale, with any resulting restrictions on travel, imposition of quarantines and prolonged closures of workplaces, the impact of which will depend on future developments, which are highly uncertain and cannot be predicted or other forms of natural disasters and other disasters beyond its control such as war and heightened geopolitical tension. These factors may create economic and political uncertainties, which may have a material adverse effect on the global economy in general or on the economic conditions in the regions in which the Issuer operates and have in the past resulted in, or may in the future result in, a reduced demand for financial products and services, a deterioration in asset quality of the Issuer, a delay in receipt of interest income and/or repayment of principal and increases in loan impairment charges.

Furthermore, the full impact of a renewed rise of financial market tensions, like those among the Eurozone during the sovereign debt crisis, may lead to renewed stress in sovereign and bank funding markets. Market conditions remain vulnerable to disruption and risks remain. Deterioration of the economic environment, including as a result of an increase in unemployment rates, a market downturn or a weakening of the Dutch, European or global economies or other new economic shocks which could lead to a more severe economic downturn, the COVID-19 outbreak and other disasters, environmental, social and governance events, elections held or to be held in Europe, an exit of one or more additional Member States from the EMU, or a potential dissolution of the EMU and a consequential re-introduction of individual currencies in one or more EMU Member States is impossible to predict.

If any such event were to occur the critical issues are that it may likely:

a) disrupt and adversely affect the economic activity of the Dutch and other European markets the Issuer is active on;
b) result in significant market dislocation, decreased liquidity, high volatility in the securities markets and significant volatility in the value of the euro against other currencies, which may negatively impact the appetite to invest in the Capital Securities and subsequently may affect the Issuer's financial position;
c) significantly heighten counterparty risk, which may result in one or more of the Issuer's counterparties to default on its obligations to the Issuer which arise from lending or other financial transactions;
d) result in downgrades of credit ratings for European borrowers, such as the Issuer, giving rise to significant increases in credit spreads and decreases in security values;
e) 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;

f) significantly threaten the quality of the Issuer's loan portfolio, in particular for retail clients; or
g) have a material adverse effect on the value of the Issuer's assets, the Issuer's fee and commission income and/or interest income, the ability of its clients to meet financial obligations and could cause the Issuer's loan impairment charges to rise or cause the Issuer to incur further market-to-market losses.

The Issuer may have to incur significant costs to store or mitigate the effects of the foregoing. The Issuer's prospects, financial condition and results of operations in particular may be materially affected by the above factors, events and developments.

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

Technology giants, (start-up) fintech companies, payment specialists, retailers, telecommunication companies, crowd-funding initiatives and aggregators are all encroaching on traditional banking services and from traditional bank competitors who team up with such new players. The Issuer also faces competition from traditional banking parties and from non-banking parties, such as pension funds and insurance companies, with relatively new parties providing more segmented offers to its customers and clients in the field of mortgage loans. In particular, the Issuer's funding capabilities for offering long-term mortgages may not be sufficient, therefore the Issuer is not able to offer long-term mortgages against a competitive interest rate. There is a risk that the several measures of the Issuer in relation to long-term mortgages, such as continuously streamlining of the mortgage process and aiming for cost control, may not be enough to become sufficiently competitive. The clients of the Issuer, in turn, are willing to consider alternative offers, as a result of which the Issuer may lose these clients to competitors. If the Issuer is unable to offer competing and attractive products and services that are profitable, it may lose market share or incur losses on some or all of its activities. Competition in the financial services industry is furthered by the high level of consolidation in the Netherlands in the markets where the Issuer operates. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share, and may harm the ability of the Issuer to maintain or increase its market share and profitability.

5. The Issuer is exposed to risks of damage to its reputation

The Issuer is the fourth-largest retail bank in the Dutch market, offering products such as mortgages, payments and savings, making its trustworthy reputation essential for its business. Any damage to the reputation of the Issuer, in particular with a view to its focus on retail and SME customers, social impact and the concentration of its business in the Netherlands, could cause disproportionate damage to its business, regardless of whether or not the negative publicity is factually accurate.

The Issuer is, for example, exposed to the risk that, among other things, litigation, employee misconduct, operational failures, or products or services developed or recommended by it, which are not performing as expected, whether or not founded, will harm its reputation. Furthermore, negative publicity could be based on allegations that the Issuer does not or does not fully comply with regulatory requirements or anti-money laundering or bribery rules, or result from negative publicity about a third party linked to the Issuer (e.g. resulting from misconduct or malpractice relating to intermediaries, independent advisors, partners, business promoters or third party managers) or about politically exposed persons in the customer base of the Issuer (being topics for which the Dutch banking sector is exposed to increased scrutiny and public attention over recent years).

Furthermore, negative publicity could also result from the fact that certain of the financial products and services of the Issuer and its subsidiaries are distributed through third parties or form

part of broader products and services sold by third parties. Any negative publicity in respect of such third parties or such broader products and services could also have negative consequences for the Issuer. Furthermore, negative publicity could result from insufficient response to public expectations to environmental, social and governance ("**ESG**") events, failures in the information technology systems of the Issuer, loss of customer data or confidential information, or failure in risk management procedures.

Any damage to the reputation of the Issuer could cause existing customers to withdraw their business from the Issuer and potential customers to be reluctant or elect not to do business with the Issuer. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of the Issuer, which may make it more difficult for the Issuer to maintain its credit ratings. See also the risk factor "C.6. *Litigation, other proceedings, or significant claims may adversely affect the business, financial condition and results of operations of the Issuer*".

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

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

One of these uncertainties lies in the fact that interest rates or price of products of the Issuer (such as derivatives, floating rate notes, floating rate covered bonds and mortgages) may be determined by reference to various benchmarks including interest rate benchmarks such as the Euro Interbank Offered Rate ("**EURIBOR**") and €STR (these indices as well as any substitute, alternative or successor rate determined in accordance with Condition 4.1(d), including the applicable tenor and currency, the "**Reference Rate**") or the Mid-Swap Rate, which are subject to the EU Benchmarks Regulation. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences, including those which cannot be predicted. Any changes to a benchmark due to these reforms may have the effect of reducing or increasing the rate or level, or affecting the volatility of, the published rate or level, of the benchmark, (in some cases) without the Issuer having the possibility to apply any mitigating adjustments thereto. Uncertainty as to the continuation of a benchmark, the availability of quotes from reference banks to allow for the continuation, and the rate that would be applicable if a benchmark would be materially amended or is discontinued, may result in rates and prices of products and services being determined on the basis of inadequate or inaccurate data or inappropriate analyses, assumptions or methodologies.

If the Issuer fails to establish adequate rates and prices for its products and services, its revenues derived from such products could decline while its expenses increase resulting in proportionately greater financial losses.

7. The Issuer is exposed to the risk of a decline of and a high volatility in the securities markets

Under highly volatile market conditions, funding transactions, as well as hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. The Issuer uses financial derivative measures as part of its risk management strategy and it may not be able to manage its exposures adequately through the use of such derivatives as a result of modelling, sensitivity analysis or other risk assessment method failures or as a result of appropriate derivative products not being available. Market conditions, and periods of high volatility can occur not only as a result of purely economic factors, but also

as a result of geopolitical tensions, such as international trade disputes or international sanctions or as a result of war, acts of terrorism, natural disasters or other similar events outside the Issuer's control. There is no assurance that market volatility will not result in a prolonged market decline, or that such market declines for other reasons will not occur in the future.

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

8. The Issuer is exposed to the sensitivity and variation of the level of interest rates

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

The results of the Issuer's business are affected by the management of interest rate sensitivity. The composition of the assets and liabilities of the Issuer, and any maturity gap position resulting from that composition, causes the banking business' net interest income to vary with changes in interest rates. There can be no assurance that the Issuer will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low, flat and even negative interest rates. For example, the Issuer’s interest income is under pressure as a result of the sustained low interest rate environment. It cannot be predicted whether and when such pressure would disappear or decrease in the future.

9. The Issuer is exposed to credit risks, including counterparty exposure, which may result in credit provisions to be inaccurate

The Issuer is exposed to general credit risks, for example the Issuer is exposed to credit risks of borrowers. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include customers (such as borrowers under loans granted, including without limitation, to mortgage loans), the issuers whose securities are being held by an entity within the Issuer's group, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer or its group companies due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons and could have an adverse effect on the Issuer's business, financial position and results of operations. In 2021, the Issuer saw for example a swing in impairment charges of provisions for credit risk of €96 million, as 2021 impairment charges consisted of a €58 million reversal, compared with a charge of €38 million in 2020 in connection with the COVID-19 pandemic. This may be read as an indication for future provisions, subject to unforeseen and/or external circumstances such as a dramatic increase or decrease of defaulting parties. As a consequence of any such defaulting parties the adequacy of the Issuer's credit provisions included in its agreements entered into by or in respect of such parties may be impacted. These provisions relate to the possibility that a counterparty may default on its obligations to the Issuer which arise from lending or other financial transactions. If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the Issuer to determine its credit provisions, these provisions could be inadequate.

C. Legal and regulatory risk

1. The regulatory environment and intensive supervision to which the Issuer is subject gives rise to significant costs and non-compliance could result in monetary and reputational damages

The financial services industry continues to be the focus of significant regulatory scrutiny. This has led to a more intensive approach to supervision and oversight, more regulatory investigations and enforcement actions as well as an increase in the amount of fines against financial institutions.

If the Issuer is unable to obtain, retain and commit sufficient resources for regulatory compliance, this could lead to delays and errors, and may force it to choose between prioritising compliance matters over administrative support for business activities, or may ultimately force the Issuer to cease the offering of certain products or services. For example, the Issuer expects to commit significant resources for purposes of Anti-Money Laundering ("**AML**"), anti-terrorist financing measures, IT security and privacy. Furthermore, the Issuer continues to invest in resources to adapt to the ECB's supervisory approach and to familiarise the ECB with the Issuer's business and financial position.

Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages and fines, loss of significant assets, public reprimands, a negative effect on the Issuer's reputation, regulatory measures in the form of cease and desists orders, fines, increased regulatory compliance requirements, which have become more stringent as a result of new regulations and resulting from a more expansive interpretation thereof by supervisory authorities, or other potential regulatory restrictions on the Issuer's business, enforced suspension of operations and in extreme cases, withdrawal of licenses or authorisations to operate particular businesses, or criminal prosecution in certain circumstances. The last few years have seen a steep escalation in the severity of the terms which competent supervisory authorities and law enforcement authorities have required to settle legal and regulatory proceedings against financial institutions, with settlements including unprecedented monetary penalties as well as criminal sanctions. Non-compliance with applicable regulation may also lead to civil liability towards affected clients and, increasingly, third parties. See also the risk factor "C.6. *Litigation, other proceedings, or significant claims may adversely affect the business, financial condition and results of operations of the Issuer*".

In addition to non-compliance by the Issuer itself, the Issuer may suffer negative consequences of non-compliance by its clients or any third parties. The Issuer may also suffer negative consequences of clients or any third parties operating businesses or schemes in violation of applicable rules and regulations whose activities the Issuer could be held to monitor and, where applicable, to denounce or to interrupt.

In conclusion, the regulatory environment and the intensive supervision to which the Issuer is subject gives rise to significant legal and financial compliance costs. Non-compliance with applicable regulation may result in monetary and reputational damages, which could have an adverse effect on the Issuer's business, financial position and results of operations.

2. Major changes in laws and regulations as well as enforcement action could have a negative impact on the Issuer

In pursuit of a broad reform and a restructuring of financial regulation, legislatures and supervisory authorities continue to introduce proposals and implement standards that could result in major changes to the way the Issuer's operations are regulated and could have adverse consequences for its business, business model, financial position, results of operations, reputation and prospects. Also, the regulatory laws and regulations applicable to the Issuer are to an extent based on the Issuer's interpretations of such laws and regulations. The Issuer cannot guarantee that such interpretations will not be questioned by the relevant authorities. Changes in regulatory laws and regulations or interpretations by the Issuer thereof being challenged by the relevant authorities could materially impact the profitability of the Issuer's businesses, the value of its assets or the collateral available for its loans, require changes to business practices, increase its regulatory reporting and transparency obligations, or force the Issuer to discontinue businesses or change its legal entity structure, capital and funding structure, and expose the Issuer to additional

costs, taxes, liabilities, enforcement actions and reputational risk and are likely to have a material impact on the Issuer.

The Issuer notes that the following changes in laws and regulations form a material risk for its financial position, credit rating and results of operations and prospects:

- Regulatory capital requirements, as proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**") and being implemented in the EU through, among others, the CRD Directive and the CRR (both as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below), as amended from time to time. Regulatory capital requirements are subject to ongoing regulatory reform, and are expected to become more stringent. This is especially due to the implementation and entry into force of the changes to the CRD Directive and CRR included in the EU banking package adopted in May 2019 (the "**EU Banking Reforms**") and the finalised Basel III reforms as published on 7 December 2017 (the "**Basel III Reforms**") (informally referred to as Basel IV). The foregoing measures are expected to require the Issuer to attract and retain additional and/or enhanced regulatory capital, and will impact the Issuer's day-to-day business. Notable changes that will affect the Issuer's business includes changes to the requirements for the risk-weighting of mortgages and the introduction of an output floor. As at the end of December 2021, the Issuer expects that Basel III Reforms will increase its risk-weighted assets ("**RWA**") by approximately 1.5% and that its consolidated CET1 capital ratio (position on 31 December 2021 at 22.7%) will go down by approximately 0.2 percentage points as a result of the full phase-in of the Basel III Reforms. Furthermore, the impact of these changes to the applicable prudential regime is yet to be fully determined by the Issuer. This is among others due to the fact that the EU Banking Reforms and Basel III Reforms are still subject (in part) to further implementation in EU or national laws. In that respect, the European Commission published on 27 October 2021 the proposals to implement Basel III Reforms in the EU. It follows from these proposals that implementation will start in January 2025. In order to maximise the capacity of credit institutions to lend and to absorb losses related to the COVID-19 pandemic, certain specific changes were made to the CRR in June 2020, including an acceleration of the application date for some topics following from the EU Banking Reforms. The impact of these changes for the Issuer is however deemed to be limited. Finally, in anticipation of these regulations, DNB has set a minimum floor on the risk-weighting of (part of) the mortgage loan portfolios of Dutch banks using internal risk models for said risk-weighting, such as the Issuer, for a period of at least one year. The regulation has effectively come into force as of 1 January 2022 and the measure will expire on 1 December 2022, but DNB can decide whether or not to extend the measure, each time for a period of two years.

- Minimum requirement for own funds and eligible liabilities ("**MREL**"), as such requirement has been introduced under Directive 2014/59/EU (the Bank Recovery and Resolution Directive, the "**BRRD**") and Regulation (EU) No 806/2014 (the "**SRM Regulation**"), as these are amended from time to time. The MREL framework is intended to make sure that the Issuer can absorb losses expected in resolution or at the point of non-viability and to be recapitalised after the implementation of resolution actions. The MREL is subject to ongoing regulatory reform and is expected to become more stringent. This is especially due to the implementation and entry into force of the changes to BRRD and SRM Regulation forming part of the EU Banking Reforms and the application of the SRB's revised policy on MREL under the EU Banking Reforms published in May 2021. On 10 May 2021, the Issuer received the MREL requirements to be met on a consolidated basis as from 1 January 2022 and as from 1 January 2024. The Issuer has to meet an MREL of 7.87% of the leverage ratio exposure ("**LRE**") as from 1 January 2022. As a binding intermediate MREL target, the Issuer has to meet an MREL of 6.55% of the LRE with subordinated instruments (Tier 1 capital, Tier 2 capital and senior non-preferred notes) as from 1 January 2022. As from 1 January 2024, the 7.87% MREL has to be fully met with subordinated instruments. The Issuer has to meet a risk-weighted MREL of 23.28% (excluding combined buffer) of RWA as from 1 January 2022.

As from 1 January 2022, the Issuer has to meet an MREL of 13.5% of RWA with subordinated instruments. The risk-weighted MREL of 23.28% has to be fully met with subordinated instruments as from 1 January 2024. Capital used to meet the risk-weighted MREL requirements cannot be used to meet the combined buffer requirement. For the Issuer, the non-risk-weighted MREL requirements are more restrictive than the risk-weighted MREL requirements. The subordination requirements will require the Issuer to attract and retain additional subordinated liabilities leading up to 2024.

- Further AML rules, as laid down in, among others, Directive (EU) 2015/849 (the "**AML Directive**") and accompanying Regulation (EU) No 2015/847 (the "**AML Regulation**"), as amended from time to time. The AML requirements require the Issuer to review and amend its current AML processes. Also taking into account the increased regulatory pressure on compliance with AML requirements, the Issuer is working on the implementation of the new requirements in processes, systems and training and awareness for employees. The Issuer runs the risk that failure to (timely) comply with the AML rules results in enforcement measures and damages to the Issuer's reputation.

- Under the EU Benchmarks Regulation, new requirements apply with respect to the provision of a wide range of benchmarks (such as the Reference Rate (as defined above)), the contribution of input data to a benchmark and the use of a benchmark within the EU. As a supervised entity and user of benchmarks within the meaning of the EU Benchmarks Regulation, the Issuer has to comply with certain obligations under the EU Benchmarks Regulation in respect of in-scope products and contracts. This includes the obligation to produce and maintain a robust written plan among others setting out the actions the Issuer would take in the event a benchmark materially changes or ceases to be provided. This plan is commonly referred to as a fallback plan and the Issuer has produced and is maintaining such a plan. The Issuer is also required to ensure that it only makes use of authorised benchmarks and that its contracts include appropriate fallback language. The Issuer runs the risk that it is not timely able to amend its contracts and switch from the use of unauthorised benchmarks to authorised benchmarks and paying and/or receiving a similar rate of interest (both in its internal processes as well as in its external products and investments). This may affect the Issuer's financial and compliance position.

- New payment services regulations, as laid down in Directive (EU) 2015/2366 ("**PSD II**") imposes additional requirements on the Issuer with respect to its payment services and supports the emergence of new payment service providers and the development of innovative mobile and online payment methods in Europe. Key elements of the PSD II that could impact the Issuer are: (i) access to payment accounts by other parties than the bank where the customer holds an account (Access to Account (XS2A)), and (ii) security requirements. Access to Account (XS2A), within the meaning of the PSD II, forces the Issuer to make substantial investments and expose it to more or intensified competition and can be a threat as parties other than banks focus on the customer-engagement components of the value chain and leave the commoditised transactional components to banks which could lead to disintermediation. Security is and will remain a core element in the service offering of banks whereby it is important that the security requirements in PSD II, as applied by the Issuer, strike the right balance between ease of use and risk (such as with respect to customer data).

- The Issuer's derivative activities remain subject to significant reform as a result of Regulation (EU) No 648/2012 ("**EMIR**"). EMIR already requires the Issuer to centrally clear certain OTC-derivatives and report derivative contracts to a trade repository. It furthermore requires the Issuer to exchange variation and initial margin with certain of its counterparties, which group of counterparties will be extended in the near future. This will lead to an increased margining obligation for the Issuer. The Issuer runs the risk that it will not be able to have the necessary contractual documentation and operational process timely in place in order to be

able to trade or continue trading with the relevant counterparties. This will lead to additional compliance costs for the Issuer.

- The Issuer is subject to sustainability regulations, such as Regulation (EU) 2019/2088 relating to disclosures and, from 1 January 2022, Regulation (EU) 2020/852 (partially) (the "**EU Taxonomy Regulation**"), as amended and supplemented from time to time, relating to a framework to facilitate sustainable investment. These regulations will require the Issuer to include information at entity and at product level with regard to certain financial products on whether or not it takes into account adverse sustainability impact, whether or not it promotes environmental or social characteristics and whether or not it meets one or more of the environmental objectives as set out in the EU Taxonomy Regulation. Furthermore, DNB and the ECB continuously publish further guidance with regard to these sustainability regulations, and the management of climate risks and other environmental risks, which credit institutions such as the Issuer are expected to incorporate in their risk management framework. As the Issuer will have to implement these regulations and expects to have to implement more sustainability-related regulations, this will give rise to additional compliance costs and expenses.

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

The BRRD and the SRM Regulation set out a common European recovery and resolution framework. If the Issuer would be deemed no longer viable (or one or more other conditions apply), the Resolution Authority may decide to write-down, cancel or convert relevant capital instruments of the Issuer, such as the Capital Securities, independently (i.e. separate from a resolution action) or do so in combination with a resolution action (such as the application of a transfer tool and/or the bail-in tool).

If the Issuer would be deemed to fail or likely to fail and the other resolution conditions would also be met, the Resolution Authority may decide to place the Issuer under resolution. It may decide to apply certain resolution tools. These resolution tools include the sale of business tool, the bridge institution tool and the asset separation tool, each of which, in summary, provides for a transfer of certain assets and/or liabilities of the institution under resolution to a third party. In addition, the SRM provides for the bail-in tool. The bail-in tool may be applied to recapitalise the Issuer (whether or not in combination with one of the aforementioned transfer tools) or convert into (claims which may give rights to) Common Equity Tier 1 instruments or reduce the principal amount of claims or debt instruments of the Issuer that have been transferred pursuant to one of the aforementioned transfer tools. The bail-in tool extends further than the relevant capital instruments (such as the Capital Securities) of the Issuer, and may also result in the write-down or conversion into (claims which may give rights to) Common Equity Tier 1 instruments of eligible liabilities in accordance with a certain order of priority.

In addition to the resolution powers described above, the Resolution Authority may decide to terminate or amend any agreement (including a debt instrument) to which the Issuer is a party or replace the Issuer as a party thereto. Furthermore, the Resolution Authority may, subject to certain conditions, suspend the exercise of certain rights of counterparties *vis-à-vis* the Issuer or suspend the performance of payment or delivery obligations of the Issuer. In addition, pursuant to Dutch law, certain counterparty rights may be excluded.

In addition to the BRRD and SRM Regulation, the Dutch Act on special measures regarding financial institutions (*Wet bijzondere maatregelen financiële ondernemingen*, which has to a large extent been included in the Dutch Financial Supervision Act (the "**Wft**") and as amended and supplemented from time to time, the "**Dutch Intervention Act**") enables the Dutch Minister of Finance to intervene with a bank established in the Netherlands, such as the Issuer, if the Minister

of Finance is of the view that the stability of the financial system is in serious and immediate danger due to the situation that the bank is in. These powers among others consist of the expropriation of assets and/or liabilities (*onteigening van vermogensbestanddelen*) of the Issuer, claims against the Issuer and securities issued by or with the cooperation of the Issuer.

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

Finally, any perceived or actual indication that the Issuer is no longer viable, may become subject to recovery or resolution and/or does not meet its other recovery or resolution requirements (such as MREL), may have a material adverse impact on the Issuer's financial position, regulatory capital position and liquidity position, including increased costs of funding for regulatory purposes.

4. Capital and/or liquidity requirements may adversely affect the business of the Issuer

The Issuer is required by regulators to maintain adequate capital and liquidity levels, as such regulators may deem appropriate. Adequate capital and liquidity levels are also necessary for the Issuer's financial flexibility and to cope with adverse developments. Changes to capital adequacy and liquidity requirements may require the Issuer to raise additional regulatory capital or hold additional liquidity buffers, for example because of different interpretations of or methods for calculating risk exposure amount, or because the Issuer does not comply with ratios and levels, or instruments and collateral requirements that currently qualify as capital or capital risk mitigating techniques no longer do so in the future. For example, the Issuer is required to comply with the minimum amount of MREL, which should ensure the effective application of the bail-in resolution tool under the BRRD and SRM regulation. This leads to increased funding costs for the Issuer. If the Issuer is unable to raise the requisite regulatory capital in order to comply with current or future capital requirements or with MREL, it may, amongst others, be required to reduce its risk exposure amount, restrict certain activities or engage in the disposition of core and other, non-core, businesses, which may not occur on a timely basis or at prices which would otherwise not be attractive to the Issuer.

The Issuer must comply with a Liquidity Coverage Ratio (LCR) and the EU Banking Reforms introduced a binding Net Stable Funding Ratio (NSFR) and leverage ratio. These are likely to have an impact on the Issuer's funding costs and in having to maintain buffers of liquid assets which may in turn result in lower returns than less liquid assets. Furthermore, if the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations. In addition, the Issuer may be required to attract additional stable sources of funding or hold a higher liquidity buffer, which may result in higher costs for the Issuer.

5. The Issuer is subject to requirements of privacy laws and may be precluded from implementing business models based on analysis and use of client generated data.

The Issuer is subject to new extensive requirements of privacy laws as a consequence of the recently reformed EU legal framework on the protection of personal data after the entering into force of the General Data Protection Regulation (the "**GDPR**"). As the GDPR contains various open standards, a risk of divergent interpretations exists as to how the GDPR can be complied

with. There is a risk that the Issuer applies a certain interpretation as to how the GDPR must be complied with, which may not be in line with (future) publications of the European Data Protection Board and the Dutch Data Protection Authority (*Autoriteit Persoonsgegevens*) (the "**DDPA**"), which may cause the Issuer to alter its approach.

Due to public pressure and perceived or actual infringements of privacy laws, the Issuer may be precluded from implementing business models based on analysis and use of client generated data for its marketing purposes.

Other risks relating to incompliance with privacy laws may include administrative sanctions from the DDPA (such as significant fines (an order subject to) a non-compliance penalty (*(last onder) dwangsom*) or a ban on processing (*verwerkingsverbod*), on the basis of which the Issuer could be precluded from developing and implementing new business models based on the processing activities), civil claims from clients whose personal data are processed (e.g. analysed) by the Issuer, complaints from such clients against the Issuer filed with the DDPA and negative publicity which may cause harm to the Issuer's reputation.

6. Litigation, other proceedings, or significant claims may adversely affect the business, financial condition and results of operations of the Issuer

The Issuer faces substantial legal risks in the conduct of its business. In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings against financial institutions are increasing. A number of proceedings have been initiated against the Issuer for violation of its duty of care (*zorgplicht*). Current proceedings are still pending and their outcome is uncertain, as is the timing of reaching any finality on these legal claims and proceedings. Financial institutions in the Netherlands, such as the Issuer, owe a duty of care and must comply with duty of care rules under Dutch law, which includes provisions on client classification, disclosure requirements and know-your-customer obligations. Pursuant to the General Banking Conditions (*Algemene Bankvoorwaarden*) used by Dutch banks, a bank must always act in accordance with its duty of care, irrespective of whether the service or product is sold to a professional client or a non-professional client. In recent years, the duty of care standards applicable to financial institutions have become more stringent as a result of new regulations and resulting from a more expansive interpretation of existing rules and standards by courts and supervisory authorities. The Issuer expects this trend to continue. Where in the past the duty of care was held to apply predominantly to clients, the application of this standard has on the basis of case law been extended more broadly for the benefit of third parties that suffer damages inflicted by clients of the financial institution. In these cases, courts held, for example, that in certain circumstances financial institutions may be expected to monitor activities of their clients, denouncing or even halting any suspected illegal activity. Accordingly, there can be no assurance that additional proceedings will not be brought. Such litigation may have a material adverse effect on the Issuer's business, reputation, results of operations, financial position and prospects. See also the risk factor "B.5. *The Issuer is exposed to risks of damage to its reputation*" and the paragraph "*Legal proceedings*" in the chapter "*Description of the Issuer*".

7. The Issuer is subject to stress tests

The banking sector, including the Issuer, is subject to periodic stress testing in respect of the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the European Banking Authority ("**EBA**") or the ECB. In addition thereto, in 2021 the Issuer participated in an SSM stress test coordinated by the ECB. The results of the EBA stress test (as defined under "*The Volksbank participated in the SSM stress test*" in the chapter "*Description of the Issuer*") and the SSM stress test are both published, although the latter only high-level. The SSM stress test was performed at the highest level of consolidation and was based on the same methodology as that of the EBA stress test. Based on the assumptions and methodological restrictions of the stress test's adverse scenario, the consolidated Common Equity Tier 1

("**CET1**") ratio of the Issuer at year-end 2023 would end up in the highest range of ≥ 14%, as used by the ECB, and would remain amply above the Issuer's overall CET1 capital ratio requirement in 2021 from the SREP of 11.00%. At 31 December 2020, the consolidated CET1 ratio of the Issuer stood at 31.2%. There is no guarantee that the result of any future stress test will meet the Issuer's internal target as well. Stress tests and the announcements of their results by supervisory authorities can destabilise the banking or financial services sector and lead to a loss of trust with regard to individual banks or financial services sector as a whole. The outcome of stress tests could negatively impact the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Issuer having to meet higher capital and liquidity requirements, which could have a negative impact on the Issuer's business, results of operations, profitability or reputation. In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Issuer had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a negative impact on the Issuer's business, results of operations, profitability or reputation. See also paragraph *"Recent developments*" under *"The Volksbank participated in the SSM stress test*" in the chapter "*Description of the Issuer*".

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

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

D. Internal control risk

1. The Issuer may be exposed to failures in its risk management systems

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

If circumstances arise which the Issuer did not identify, anticipate or correctly evaluate in developing its statistical models, scenario analyses and stress tests, its losses could be greater than the maximum losses envisaged by it. Furthermore, the quantifications do not take all risks or

market conditions into account. If the measures used to assess and mitigate risks prove insufficient, the Issuer may experience unanticipated losses.

2. The Issuer is exposed to operational risks

The operational risks that the Issuer faces include the possibility of inadequate or failed internal or external processes or systems, inadequate or failed outsourcing of processes, services or activities, human error, regulatory breaches, employee misconduct. The occurrence of any such event may result in (non-) financial loss and may harm the reputation of the Issuer. Inability to retain and attract well-trained personnel could adversely affect its operations and results. The Issuer attempts to keep operational risks at appropriate levels by developing a well-controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While these measures have the purpose for mitigation operational risks they do not eliminate them.

Ineffective systems and processes

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

- interruptions in the business operations including the services offered or information provided to customers, or inability to serve customers' needs in a timely fashion. This includes operations where the Issuer relies in services by third parties;
- interruptions or errors in management information and/or information reported to (supervisory) authorities;
- a violation of applicable regulations;
- Physical or mental harm to clients, personnel or other people with whom the Issuer interacts;
- inability to identify in time or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by employees of the Issuer or third parties, or telecommunication connection failures or hacking of IT systems of the Issuer or other cybercrime activities against the Issuer or its clients; and
- considerable costs in terms of, for example, information retrieval, verification and improvement plans and (business)recovery.

External operational risks

The business operations of the Issuer are also vulnerable to interruption from external factors such as fire, flood, pandemics, bomb threats, explosions or other forms of war, terrorist activities and natural and man-made disasters. The Issuer cannot ensure that interruptions, failures or breaches of its communication and information systems as a result of external fraud will not occur or, if they do occur, that they will be adequately addressed. Finally, cybercrime risk (state-act or otherwise) is also a relevant and ongoingly increasing threat that may lead to an interruption of business operations (including to customers), loss of confidential information or erosion of trust and reputation. The above may also apply for third parties on which the Issuer depends.

E. Environmental, social and governance risks

1. The Issuer is exposed to risk related to environmental, social and governance factors

The Issuer is exposed to risks related to environmental, social and governance factors ("**ESG Factors**"). An example of a risk related to environmental factors the Issuer is exposed to, is the risk of (in)direct financial or reputational damage due to acute or chronic physical environmental events or the role in the transition to an environmentally sustainable economy of the Issuer itself or of parties with which the Issuer may interact. Moreover, the Issuer may be exposed to acute events resulting from climate change, such as river flooding, extreme weather events and forest fires, which can cause damage to collateral in the residential and commercial real estate lending portfolios of the Issuer. The event itself, or the exposure to the risk as such, can lead to a devaluation of collateral value. Chronic changes in weather conditions, such as droughts, may cause damage to collateral (e.g. pile rot) in the residential and commercial real estate lending portfolios of the Issuer, which can lead to a devaluation of the collateral value. Introduction of legal requirements on energy efficiency of houses can lead to a devaluation of collateral in the residential and commercial lending portfolios that do not yet meet the criteria. A substantial increase in energy costs can lead to a devaluation of (energy inefficient) collateral in the residential and commercial lending portfolios.

Furthermore, the Issuer is exposed to risks related to social factors, such as the risk of (in)direct financial or reputational damage due to violations in the area of human rights, employee rights, poverty and customer relationships by the Issuer itself or by parties with which the Issuer may interact. The Issuer can be exposed to risk related to social matters, such as inequality, labour relations, workplace health and safety, public sentiment linked to social transformation towards a more and inclusive equitable society. The events itself or the exposure to the risk as such can lead to reputational damage. Negative publicity regarding social matters of a third party linked to the Issuer can also lead to reputational damage (see also the risk factor "B.5. *The Issuer is exposed to risks of damage to its reputation*").

The Issuer is also exposed to risks related to governance factors, for example the risk of (in)direct financial or reputational damage due to inadequate corporate governance, ethical management and transparency by the Issuer itself or by parties with which the Issuer may interact. The Issuer can be exposed to governance matters, such as poor codes of conduct, a lack of anti-money laundering or executive leadership. The events itself or the exposure to the risk of it can lead to reputational damage or financial damage. Negative publicity regarding governance matters of a third party linked to the Issuer can also lead to reputational damage.

Therefore, risk related to ESG Factors and environmental, social and governance events may have a negative effect on the Issuer's reputation and could have an adverse effect on the Issuer's business and/or its financial position or results of operations.

2. Risks related to the decision of the Minister of Finance regarding the future of the Issuer

The Issuer is owned indirectly by the Dutch State through the NL Financial Investment (the "**NLFI**"). Until the Minister of Finance has made a decision on the privatisation of the Issuer, the Issuer will examine its future options in consultation with – where and when appropriate – the shareholder, potential investors, regulatory authorities and employees. When the Minister of Finance takes such a decision or if the strategy fails in execution or is ineffective, this could result in a change to the strategy, management, governance and/or risk profile of the Issuer. There can be no assurance that the decision of the Minister of Finance or a change in strategy would not adversely affect the Issuer's credit rating, the ability of the Issuer to effectively conduct its business or its ability to satisfy its obligations under the Capital Securities.

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

have a material adverse effect on the Issuer's business, revenues, results of operations, financial position and prospects.

3. Risks related to the recent and potential future changes of the composition of the Issuer's Board of Directors and/or the Issuer's Supervisory Board

At the date of this Prospectus, the Issuer's board of directors ("**Board of Directors**") consists of the members referred to in paragraph "*Board of Directors*" in the chapter "*Description of the Issuer*". There were various changes to the composition of the Board of Directors in 2020 and 2021. Most recently, John Reichardt decided to step down as Chief Financial Officer ad interim of the Issuer. As set out in "*Board of Directors*" in the chapter "*Description of the Issuer*", the Issuer has introduced an executive committee (the "**Executive Committee**") consisting of statutory (i.e. members of the Board of Directors) and non-statutory members. As a result, the position of Chief Operations Officer has ceased to exist. Three positions have been added to the executive committee as non-statutory members and together with the members of Board of Directors form the executive committee.

As a result of the various changes in respect of the composition and departures, regulatory authorities may ask the Issuer questions or even commence investigations with respect to the governance of the Issuer. The current circumstances and further developments may lead to additional changes in the composition of the Board of Directors

It usually takes time for a newly composed board to find the right fit and balance for all members. Further changes may therefore – at least during a transitory period – give rise to difficulties in managing the Issuer's operations, including a possible inability to in time identify and prevent all risks. Any further changes could affect the Issuer's ability to implement strategic initiatives, which may lead to lagging growth or slower adaption to market changes. In addition, such changes and potential investigations by regulatory authorities may have a negative effect on the Issuer's reputation (see also the risk factor "B.5. *The Issuer is exposed to risks of damage to its reputation*"). Furthermore, it may influence market or rating agency perception of the Issuer and could limit its access to money markets and capital markets, which may lead to higher funding and refinancing costs.

RISKS RELATED TO THE CAPITAL SECURITIES

F. Risks related to the nature of the Capital Securities

1. The Capital Securities constitute subordinated obligations

The Capital Securities constitute unsecured, unguaranteed and subordinated obligations of the Issuer. The Prevailing Principal Amount will rank, subject to any rights or claims which are mandatorily preferred by law (including as a result of the implementing act on loss absorption and recapitalization capacity of banks and investment firms (*Implementatiewet verliesabsorptie- en herkapitalisatiecapaciteit van banken en beleggingsondernemingen*), implementing Article 48(7) of Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 in The Netherlands in Article 212rf of the Bankruptcy Act (*Faillissementswet*) (the "**Amending Act**"), (i) *pari passu* without any preference among themselves and with the prevailing principal amount of any other series of qualifying Additional Tier 1 instruments and (ii) junior to the rights and claims of creditors in respect of all present and future Senior Obligations. As a result, in the event of liquidation or bankruptcy of the Issuer, any claims of the Holders in respect of the Prevailing Principal Amount against the Issuer will be subordinated to (a) the claims of depositors (other than in respect of those whose deposits rank equally to or lower than the Capital Securities), (b) all unsubordinated rights and claims (including with respect to the repayment of borrowed money), (c) excluded liabilities of the Issuer pursuant to Article 72a(2) CRR and (d) all

subordinated rights and claims (including with respect to any Tier 2 instruments and any fully disqualifying own funds instruments) other than (i) Parity Obligations and (ii) Junior Obligations. Any claims for payment of interest have a subordinated ranking above own funds (including the Principal Prevailing Amount) as a result of the Amending Act.

Before the occurrence of any event referred to above, Holders may already have lost the whole or part of their investment in the Capital Securities as a result of a write-down of the principal amount of the Capital Securities if, at any time, the Issuer CET1 Ratio falls below 5.125% (a "**Trigger Event**") and/or a write-down or conversion of the principal amount of the Capital Securities following Statutory Loss Absorption or Recapitalisation (see the risk factors "F.4. *The principal amount of the Capital Securities may be reduced (Written Down) to absorb losses"* and *"*F.7. *A Holder may lose all or parts of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption or Recapitalisation occurs*" below). In the event of liquidation or bankruptcy of the Issuer, payment of any remaining principal amount not so written down to a Holder will, by virtue of such subordination, only be made after all obligations of the Issuer resulting from higher-ranking deposits, unsubordinated rights and claims (including with respect to the repayment of borrowed money), excluded liabilities of the Issuer pursuant to Article 72a(2) CRR and higher ranking subordinated claims have been satisfied in full. If any such event occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due and payable under the Capital Securities. Furthermore, pursuant to Condition 3.3, no Holder may exercise or claim any right of set-off or netting in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities. To the extent that any Holder nevertheless claims a right of set-off or netting in respect of any such amount, whether by operation of law or otherwise, and irrespective of whether the set-off or netting is effective under any applicable law, such Holder is required to immediately transfer to the Issuer an amount equal to the amount which purportedly has been set off or netted (such a transfer, a "**Set-off Repayment**") and no rights can be derived from the relevant Capital Securities until the Issuer has received in full the relevant Set-off Repayment. Irrespective of any other set-off or netting agreement providing otherwise, the possibility or impossibility of any set-off or netting by a Holder shall be exclusively governed by Dutch law. A Holder may therefore recover less than the holders of deposit liabilities or the holders of unsubordinated liabilities or prior ranking subordinated liabilities of the Issuer.

Although the Capital Securities may pay a higher rate of interest than securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Capital Securities will lose all or some of its investment should the Issuer become insolvent.

2. The Issuer is not prohibited from issuing further debt, which may rank *pari passu* with or senior to the Capital Securities

The Terms and Conditions of the Capital Securities do not limit the amount of liabilities ranking senior or *pari passu* in priority of payment to the Capital Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the Capital Securities nor do they restrict the Issuer in issuing Additional Tier 1 instruments with other write-down mechanisms or trigger levels or that convert into shares upon a Trigger Event. The Issuer may be able to incur significant additional secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness. If the Issuer becomes insolvent or is liquidated, or if payment under any secured or unsecured unsubordinated and/or prior-ranking subordinated debt obligations is accelerated, the Issuer's secured or unsecured unsubordinated or, as the case may be, prior-ranking subordinated lenders would be entitled to exercise the remedies available to a secured or unsecured unsubordinated and/or prior-ranking subordinated lender before the Holders.

Also, there is a risk that, as a result of the implementation of the Amending Act, capital instruments which are expressed to rank *pari passu* with, or junior to, the Capital Securities and

which fully disqualify as own funds, may in the Issuer's bankruptcy rank senior to the Capital Securities. See also Condition 3, which provides that the ranking of the Capital Securities is subject to mandatory provisions of law, including as a result of the Amending Act.

Unsubordinated liabilities of the Issuer may also arise from events that are not reflected on the balance sheet of the Issuer, including, without limitation, insurance or reinsurance contracts, derivative contracts, the issuance of guarantees or the incurrence of other contingent liabilities on an unsubordinated basis. Claims made under such guarantees or such other contingent liabilities will become unsubordinated liabilities of the Issuer that in a winding-up or insolvency proceeding of the Issuer will need to be paid in full before the obligations under the Capital Securities may be satisfied.

As a result, the Capital Securities are subordinated to any secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness that the Issuer may incur in the future. If any event referred to in the risk factor "F.1. *The Capital Securities constitute subordinated obligations*" above were to occur, the Issuer may not have enough assets remaining after these payments to pay amounts due and payable under the Capital Securities and the Holders may therefore recover rateably less (if anything) than the lenders of the Issuer's secured or unsecured unsubordinated debt and/or prior-ranking subordinated debt in the event of the Issuer's bankruptcy or liquidation. Even if the claims of senior ranking creditors would be satisfied in full, Holders may still not be able to recover the full amount due because the proceeds of the remaining assets must be shared *pro rata* among all other creditors holding claims ranking *pari passu* with the claims of the Holders in respect of the Capital Securities.

Also, the incurrence of additional capital instruments with interest cancellation provisions similar to the Capital Securities may increase the likelihood of (partial) interest payment cancellations under the Capital Securities if the Issuer is not able to generate sufficient Distributable Items or to maintain adequate capital buffers to make interest payments falling due on all outstanding capital instruments of the Issuer in full. See the risk factor "F.3. *In certain circumstances, the Issuer may decide not to pay interest on the Capital Securities or be required not to pay such interest*" below.

If the Issuer's financial condition were to deteriorate, investors could suffer direct and materially adverse consequences, including suspension of interest and reduction of interest and principal and, if the Issuer were liquidated (whether voluntarily or involuntarily), investors could suffer loss of their entire investment.

3. In certain circumstances, the Issuer may decide not to pay interest on the Capital Securities or be required not to pay such interest

The Issuer may at any time elect, in its sole and absolute discretion, to cancel the payment of any interest in whole or in part at any time that it deems necessary or desirable and for any reason and without any restriction on the Issuer thereafter. The Issuer will be required to cancel the payment of all or some of the interest payments otherwise falling due on the Capital Securities in circumstances where the relevant interest payment would either cause the Distributable Items or, if certain capital buffers are not maintained and when aggregated together with other relevant distributions of the kind referred to in Article 3:62ba Wft implementing Article 141(2) CRD (as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below), Article 3A:11b Wft implementing Article 16a of Directive (2019/879/EU) amending BRRD ("**BRRD2**") or in any Applicable Banking Regulations, the relevant Maximum Distributable Amount (if any) to be exceeded, as described in Condition 4.2(b) (*Mandatory cancellation of interest*). Also, the Competent Authority may order the Issuer to cancel interest payments and any accrued but unpaid interest will be cancelled following the occurrence of a Trigger Event. As a result, a Holder may as long as the Capital Securities are outstanding, which due to absence of a

fixed maturity date be until perpetuity, not at any time receive any payments of interest or principal on the Capital Securities.

Mandatory cancellation of interest due to lack of Distributable Items

Distributable Items relate to the Issuer's profits and distributable reserves determined on the basis of the Issuer's non-consolidated accounts as further described in Condition 4.2(b) (*Mandatory cancellation of interest*). The amount of Distributable Items available to pay interest on the Capital Securities may be affected, *inter alia*, by other discretionary interest payments on other (existing or future) capital instruments, including CET1 distributions and any write-up of principal amounts of Discretionary Temporary Write-down Instruments (if any). As at 31 December 2021, the Issuer's Distributable Items amounted to €3,075 million.

Mandatory cancellation of interest due to Maximum Distributable Amount restrictions

The Maximum Distributable Amount will apply in circumstances where the Issuer does not meet certain combined capital buffer requirements or any similar requirements (see also below and in the risk factor "F.6. *CRD includes capital requirements that are in addition to the minimum regulatory CET1 capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*").

Under Article 3:62ba Wft (implementing Article 141(2) (*Restrictions on distributions*) CRD Directive), institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific countercyclical capital buffer, the systemic risk buffer, the global systemically important institutions buffer and/or the other systemically important institutions buffer, in each case as applicable to the institution) will be subject to restricted discretionary payments (which are defined broadly by CRD as distributions in connection with CET1 capital, payments on Additional Tier 1 Capital instruments (including interest amounts on the Capital Securities and any write-ups of principal amounts (if applicable)) and payments of discretionary staff remuneration).

In the event of a breach of the combined buffer requirement, the restrictions under Article 3:62ba Wft (implementing Article 141(2) CRD Directive) will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the institution's profits. Such calculation will result in a maximum distributable amount ("**Maximum Distributable Amount**") in each relevant period.

Such calculation will result in a Maximum Distributable Amount in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce payments that would, but for the breach of the combined buffer requirement, be discretionary, including potentially exercising the Issuer's discretion to cancel (in whole or in part) interest payments in respect of the Capital Securities. In such circumstances, the aggregate amount of distributions which the Issuer can make on account of dividends, interest payments, write-up amounts and redemption amounts on its Tier 1 instruments (including the Capital Securities) and certain bonuses will be limited.

Mandatory cancellation of interest due to a failure to comply with MREL requirements

Furthermore, a failure by the Issuer to comply with MREL requirements may result in the Issuer breaching the combined buffer requirement and, consequently, becoming subject to Maximum Distributable Amount restrictions on payments on Additional Tier 1 instruments, including the Capital Securities. The new Article 3A:11b Wft implements Article 16a which is included in

BRRD2 to clarify, for the purposes of restrictions on distributions, the relationship between Pillar 1 minimum own funds requirements ("**P1R**"), Pillar 2 own funds requirements ("**P2R**"), the MREL requirement and the combined buffer requirement ("**CBR**") (the so called "**stacking order**"). Under the new Article 16a BRRD2, an institution such as the Issuer shall be considered as failing to meet the CBR for the purposes of Article 16a BRRD2 where it does not have MREL in an amount and of the quality needed to meet, at the same time, the requirement defined in Article 128(6) of the CRD (i.e. the CBR) as well as each of the P1R, the P2R and the MREL requirement. The new requirement recognises that breaches of the CBR (whilst still complying with P1R and P2R) may be due to a temporary inability to issue new eligible debt for MREL purposes. For these situations, BRRD2 envisages a nine month grace period before restrictions under Article 16a BRRD2 will apply. During the grace period, the relevant authorities will be able to exercise other powers available to them that are appropriate in view of the financial situation of the relevant institution.

The implementation of Article 141 of the CRD and Article 16a BRRD in the Netherlands, including its inter-relationship with the minimum and additional capital requirements, buffers and macro-prudential tools referred to above (including the calculation of the maximum distributable amount), remains uncertain in many respects. Such uncertainty can be expected to subsist while the relevant authorities in the EU and the Netherlands continue to develop their approach to the application of the relevant rules.

Impact of CET1 capital requirements on interest payment restrictions

The amount of CET1 capital required to meet the CBR or any similar requirements will be relevant to assess the risk of interest payments being cancelled. See also below in the risk factor "F.6. *CRD includes capital requirements that are in addition to the minimum regulatory CET1 capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*". The market price of the Capital Securities is likely to be affected by any fluctuations in the Issuer CET1 Ratio. Any indication or perceived indication that this ratio (on a solo or consolidated basis, as applicable) is tending towards the Maximum Distributable Amount trigger level may have an adverse impact on the market price of the Capital Securities.

The Issuer's capital requirements are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. See also below in the risk factor "F.5. *The Issuer CET1 Ratio will be affected by a number of factors, any of which may be outside the Issuer's control, as well as by its business decisions and, in making such decisions, the Issuer's interests may not be aligned with those of the investors*".

Holders may not be able to predict accurately the proximity of the risk of discretionary payments (of interest and principal) on the Capital Securities being prohibited from time to time as a result of the operation of Article 141 CRD Directive and Article 16a BRRD2. In any event, the Issuer will have discretion as to how the Maximum Distributable Amount will be applied if insufficient to meet all expected distributions and is not obliged to take the interests of investors in the Capital Securities into account.

Mandatory cancellation of interest imposed by supervisory or resolution authorities

The CRD Directive gives the competent authority certain recovery powers which would apply if the Issuer fails (or is likely to fail) to comply with applicable regulations. There are no ex-ante limitations on the discretion to use this power. In such circumstances, the competent authority could require the Issuer to suspend payments of interest on Additional Tier 1 instruments

(including the Capital Securities). Furthermore, the CRD Directive provides the competent authority coupon cancellation powers in the context of the regular supervisory review and evaluation process of the Issuer which may force the Issuer to cancel interest payments to Holders, which may be applied even if the Issuer has sufficient Distributable Items and no Maximum Distributable Amount restrictions apply.

Payment of interest may also be affected by any application of the legislation in The Netherlands implementing the BRRD. See also below in the risk factor "F.7. *A Holder may lose all or parts of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption or Recapitalisation occurs*".

In addition to the above, in response to the outbreak of communicable diseases, pandemics and epidemics or health emergencies, as well as to other crises that impact the financial markets and economy, legislative and/or regulatory authorities may at any time introduce temporary emergency legislative measures which may impose further restrictions on the Issuer to make distributions, such as in particular the suspension of payments of interest on Additional Tier 1 instruments (including the Capital Securities).

Mandatory cancellation of interest due to failing to meet leverage ratio requirements

The EU Banking Reforms also introduces a restriction for global systemically important institutions ("**G-SIIs**") on distributions (including on payments of AT1 instruments, such as the Capital Securities) in case of failure to meet the leverage ratio buffer requirement. On the date of this Prospectus, the Issuer is not a G-SII. However, future extension of this restriction on non-G-SIIs is possible, and there can be no assurance that relevant EU or Dutch regulators may not in the future apply a leverage ratio buffer requirement to the Issuer. Also, there can be no assurance, that any of P1R, P2R, CBR or MREL requirements applicable to the Issuer will not be amended in the future to include new and more onerous capital requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Capital Securities.

Potential impact of the above risks on payments of interest, the rights of Holders and the market price of the Capital Securities

It follows from the above that there can be no assurance that an investor will receive payments of interest in respect of the Capital Securities, and the Issuer's ability to make interest payments on the Capital Securities will depend on a combination of factors including (i) the level of distributable reserves and the profits the Issuer has accumulated in the financial year preceding any interest payment date, (ii) the amount of outstanding capital instruments with interest cancellation provisions similar to the Capital Securities, (iii) the P1R, P2R, CBR, MREL requirement or any other capital or buffer requirements applicable to the Issuer from time to time and (iv) the application of certain discretionary powers of the Competent Authority in respect of the Issuer. Furthermore, even if there were to be sufficient funds to make interest payments on the Capital Securities, the Issuer may still elect to cancel such interest payment for any reason and for any length of time. Furthermore, no interest will be paid on any principal amount that has been written down following a Trigger Event and/or Statutory Loss Absorption or Recapitalisation and interest on any remaining principal amount following such write-down is subject to the Issuer having sufficient Distributable Items and, if applicable, sufficient Net Profit and the Maximum Distributable Amount not being exceeded (see the risk factors "F.4. *The principal amount of the Capital Securities may be reduced (Written Down) to absorb losses*" and "F.7. *A Holder may lose all or parts of its investment in the Capital Securities including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption or Recapitalisation occurs*" and "F.6. *CRD includes capital requirements that are in addition to the minimum regulatory CET1 capital requirement. These additional capital requirements will restrict the*

Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments" below).

In addition to the above, in response to the outbreak of communicable diseases, pandemics and epidemics or health emergencies, as well as to other crises that impact the financial markets and economy, legislative and/or regulatory authorities may at any time introduce temporary emergency legislative measures which may impose further restrictions on the Issuer to make distributions, such as in particular the suspension of payments of interest on Additional Tier 1 instruments (including the Capital Securities).

Any interest not paid shall be deemed cancelled and shall not accumulate or be payable at any time thereafter. Cancellation of interest shall not constitute a default under the Capital Securities for any purpose. Investors shall have no further rights in respect of any interest not paid and shall not be entitled to any compensation or to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer. Furthermore, cancellation of interest payments shall not in any way impose restrictions on the Issuer, including restricting the Issuer from making distributions or equivalent payments in connection with junior ranking (including the ordinary shares) or *pari passu* ranking instruments.

Any actual or anticipated cancellation of interest on the Capital Securities will likely have an adverse effect on the market price of the Capital Securities. In addition, as a result of the interest cancellation provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues which is not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Any indication or perceived indication that the Issuer CET1 Ratio (on a consolidated and/or solo basis, as applicable) is trending towards the minimum required CBR or that the Issuer fails to meet its MREL requirement, may have an adverse effect on the market price of the Capital Securities.

4. The principal amount of the Capital Securities may be reduced (Written Down) to absorb losses

The Capital Securities are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer. Such eligibility depends upon a number of conditions being satisfied. One of these relates to the ability of the Capital Securities and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, if a Trigger Event occurs, the Prevailing Principal Amount of the Capital Securities will be reduced with an amount at least sufficient to immediately cure the Trigger Event, and any accrued but unpaid interest will be cancelled. A Principal Write-down may occur at any time on one or more occasions (provided, however, that the principal amount of a Capital Security shall never be reduced to below one cent). Any Principal Write-down of the Capital Securities shall not constitute a default of the Issuer. Investors shall not be entitled to any compensation or to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer (without prejudice to any principal amount subsequently written-up at the discretion of the Issuer in accordance with the Principal Write-up mechanism as set out in Condition 8.2 (*Principal Write-up*)).

A Principal Write-down is expected to occur simultaneously with the concurrent *pro rata* write-down or conversion into shares or other instruments of ownership of the prevailing principal amount of any Parity Loss Absorbing Instruments and after the write-down or conversion into shares or other instruments of ownership of Prior Loss Absorbing Instruments with higher trigger levels (if any). However, this will not necessarily be the case. In particular, investors must note that to the extent such write-down or conversion into shares or other instruments of ownership of

any Loss Absorbing Instruments is not effective for any reason (i) the ineffectiveness of any such write-down or conversion into shares or other instruments of ownership shall not prejudice the requirement to effect a Principal Write-down of the Capital Securities and (ii) the write-down or conversion into shares or other instruments of ownership of any Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments which is not effective shall not be taken into account in determining the Write-down Amount of the Capital Securities. Therefore, the write-down or conversion into shares or other instruments of ownership of other Loss Absorbing Instruments is not a condition for a Principal Write-down of the Capital Securities and, as a result of failure to write down or convert into shares or other instruments of ownership such other Loss Absorbing Instruments, the Write-down Amount of the Capital Securities may be higher. Holders may lose all or some of their investment as a result of such a Principal Write-down of the Prevailing Principal Amount of the Capital Securities. In particular, the Issuer may be required to write down the Prevailing Principal Amount of the Capital Securities following the occurrence of a Trigger Event such that the Issuer CET1 Ratio is restored to a level higher than 5.125%. No assurance can be given that a Principal Write-down will be applied towards not only curing the Trigger Event but also towards restoring the Issuer CET1 Ratio to a level above the Trigger Event. In such an event, the Write-down Amount will be greater than the amount by which the then Prevailing Principal Amount would have been written down if the Issuer had been required to write down the principal amount of the Capital Securities to the extent necessary thereby to restore the Issuer CET1 Ratio to 5.125%.

Furthermore, it is possible that, following a material decrease in the Issuer CET1 Ratio, a Trigger Event in relation to the Capital Securities occurs simultaneously with a trigger event in relation to Prior Loss Absorbing Instruments having a higher trigger level. If this were to occur, the Prevailing Principal Amount of the Capital Securities will be reduced *pro rata* with Prior Loss Absorbing Instruments having a higher trigger level up to an amount sufficient to restore the Issuer CET1 Ratio to not less than 5.125% provided that, with respect to each Prior Loss Absorbing Instrument and/or Parity Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Issuer CET1 Ratio contemplated above to the lower of (x) such Prior Loss Absorbing Instrument's and/or Parity Loss Absorbing Instrument's trigger level and (y) the trigger level in respect of which the relevant Trigger Event under the Capital Securities has occurred, in each case, in accordance with the terms of the relevant instruments and the Applicable Banking Regulations.

The Issuer's current and future outstanding junior and *pari passu* ranking securities might not include write-down or similar features with triggers comparable to those of the Capital Securities. As a result, it is possible that the Capital Securities will be subject to a Principal Write-down, while junior and *pari passu* ranking securities remain outstanding and continue to receive payments. Also, the Terms and Conditions of the Capital Securities do not in any way impose restrictions on the Issuer following a Principal Write-down, including restrictions on making any distribution or equivalent payment in connection with (i) any Junior Obligations (including, without limitation, any common shares of the Issuer) or (ii) in respect of any Parity Obligations.

Investors may lose all or some of their investment as a result of a Principal Write-down or of reaching the point of non-viability (see also below in the risk factor "F.7. *A Holder may lose all or parts of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption or Recapitalisation occurs*"). Although (in case of a Principal Write-down only following a Trigger Event) the Conditions allow for the principal amount to be written-up again, due to the limited circumstances in which a Principal Write-up may be undertaken, any reinstatement of the Prevailing Principal Amount of the Capital Securities and recovery of such investment may take place over an extended period of time or not at all. In addition, if any of the events listed in Condition 12 (*Limited Remedies in case of Non-Payment*) occurs prior to the Capital Securities being written-

up in full pursuant to Condition 8.2 (*Principal Write-up*), Holders' claims for principal in liquidation or bankruptcy will be based on the reduced principal amount (if any) of the Capital Securities. Further, during the period of any Principal Write-down pursuant to Condition 8.1 (*Principal Write-down*), interest will accrue on the reduced principal amount of the Capital Securities and is subject to the Issuer having sufficient Distributable Items and, if applicable, sufficient Net Profit and the Maximum Distributable Amount not being exceeded. Also, any redemption at the option of the Issuer upon the occurrence of a Tax Event or a Capital Event during such period will take place at the reduced principal amount of the Capital Securities.

The written down principal amount will not be automatically reinstated if the Issuer CET1 Ratio is restored above a certain level. It is the extent to which the Issuer makes a profit from its operations (if any) that will affect whether the principal amount of the Capital Securities may be reinstated to its Original Principal Amount. The Issuer's ability to write-up the principal amount of the Capital Securities will depend on certain conditions, such as there being sufficient Net Profit (being the lower of the net profit of the Issuer as calculated on a solo basis and/or a consolidated basis (as applicable)) and, if applicable, a sufficient Maximum Distributable Amount. No assurance can be given that these conditions will ever be met. Moreover, even if met, the Issuer will not in any circumstances be obliged to write-up the principal amount of the Capital Securities. Also, the Competent Authority has the power to prohibit a write-up in the context of the regular supervisory review and evaluation process or if the Issuer fails (or is likely to fail) to comply with applicable regulations. However, if any write-up were to occur, it will have to be undertaken on a *pro rata* basis with any other instruments qualifying as Additional Tier 1 Capital providing for a reinstatement of principal amount in similar circumstances that have been subject to a write-down (see Condition 8.2(a) (*Principal Write-up*)).

The market price of the Capital Securities is expected to be affected by any actual or anticipated write-down of the principal amount of the Capital Securities as well as by the Issuer's actual or anticipated ability to write-up the reduced principal amount to its original principal amount.

5. The Issuer CET1 Ratio will be affected by a number of factors, any of which may be outside the Issuer's control, as well as by its business decisions and, in making such decisions, the Issuer's interests may not be aligned with those of the investors

The market price of the Capital Securities is expected to be affected by fluctuations in the Issuer CET1 Ratio. Any perceived or actual indication that the Issuer CET1 Ratio is trending towards the Trigger Event may have an adverse effect on the market price of the Capital Securities. The level of the Issuer CET1 Ratio may significantly affect the trading price of the Capital Securities.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, any of which may be outside the Issuer's control. Because the Issuer CET1 Ratio may be calculated as at any date, a Trigger Event could occur at any time. The calculation of the Issuer CET1 Ratio could be affected by one or more factors, including, among other things, changes in the mix of the Issuer's business, major events affecting its earnings, credit losses and impairments, dividend payments by the Issuer, accounting changes, regulatory changes (including the imposition of additional minimum capital or capital buffer requirements or changes to definitions and calculations of regulatory capital ratios and their components or the changes to the interpretation thereof by the relevant authorities or case law) and the Issuer's ability to manage risk-weighted assets in both its ongoing businesses and those which it may seek to exit or enter. Examples of the regulatory changes which may impact the Issuer CET1 Ratio are the Basel III Reforms, the ECB targeted review of internal models (TRIM), the regulation on minimum loss coverage for non-performing exposures complementing Regulation (EU) No 575/2013 relating to own funds (Regulation (EU) 2019/630 (including associated supervisory expectations), the EBA Definition of Default Guidelines and the minimum average risk weight for IRB banks' exposures to natural persons secured by mortgages on residential property located in the

Netherlands announced by DNB. See also the risk factor "C.2. *Major changes in laws and regulations as well as enforcement action could have a negative impact on the Issuer*." for other (regulatory) risks which may have an impact on the Issuer.

On the basis of the Issuer's balance sheet and credit models as at year-end 2021, provisional calculations suggest that risk-weighted assets would increase by approximately 1.5% on the implementation of Basel III Reforms. These provisional calculations are based on assumptions about the ultimate implementation of the Basel III Reforms in legislation.

The Issuer CET1 Ratio, Distributable Items and any Maximum Distributable Amount will also depend on the Issuer's decisions relating to its businesses and operations, as well as the management of its capital position, and may be affected by changes in applicable accounting rules (including, but not limited to, the introduction of IFRS 9) or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. For example, the Issuer may decide not to, or not be able to, raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Trigger Event. See also the risk factors included in the section "*Risks relating to the Issuer*" for further developments, circumstances and events which may impact the Issuer CET1 Ratio.

Investors will not be able to monitor movements in the Issuer CET1 Ratio or distance to any Maximum Distributable Amount trigger levels on a continuous basis and it may therefore not be foreseeable when a Trigger Event may occur or whether interest payments must be cancelled. The Issuer will have no obligation to consider the interests of investors in connection with its strategic decisions, including in respect of its capital management. Investors will not have any claim against the Issuer relating to decisions that affect the business and operations of the Issuer, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause investors to lose all or part of the value of their investment in the Capital Securities.

The usual reporting cycle of the Issuer is for the Issuer CET1 Ratio to be reported on a semi-annual basis in conjunction with the Issuer's semi-annual financial reporting, which may mean investors are given limited warning of any deterioration in the Issuer CET1 Ratio. Investors should also be aware that the Issuer CET1 Ratio may be calculated as at any date and, as a result thereof, a Trigger Event may occur as at any date.

A Trigger Event determined on a consolidated basis will be applicable at any time, whereas a Trigger Event determined on a solo basis will only be applicable if the Issuer should in the future pursuant to the Applicable Banking Regulations or administrative order be required to comply with the prudential requirements on a solo basis as well and, for this purpose, determine the Issuer CET1 Ratio on a solo basis. On the date of this Prospectus, the Issuer has the benefit of a waiver from prudential requirements on a solo basis, but no assurance can be given that such waiver will not be withdrawn in the future.

The factors that influence the Issuer CET1 Ratio on a solo basis (as and when applicable) may not be the same as the factors that influence the Issuer CET1 Ratio on a consolidated basis. As at 31 December 2021, the capital instruments eligible as own funds of the Issuer are the same on a consolidated basis and on a solo basis, but the risk-weighted assets and deductions of the own funds and eligible liabilities of the Issuer differ.

Since a Trigger Event will occur if any one of the Issuer CET1 Ratio thresholds (solo or consolidated) is breached regardless of whether or not the other Issuer CET1 Ratio threshold is breached, the additional uncertainties resulting from differences in the factors affecting the Issuer CET1 Ratios (solo or consolidated) may have an adverse impact on the market price or the liquidity of the Capital Securities.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Prevailing Principal Amount of the Capital Securities may be written down. Accordingly, the trading behaviour of the Capital Securities may not necessarily follow the trading behaviour of other types of subordinated securities. Any indication or perceived indication that the Issuer CET1 Ratio is trending towards the minimum applicable combined capital buffer may have an adverse effect on the market price of the Capital Securities. Under such circumstances, investors may not be able to sell their Capital Securities easily or at prices that will provide them with a yield comparable to more conventional investments.

6. CRD includes capital requirements that are in addition to the minimum regulatory CET1 capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments

A minimum CBR is imposed on top of the minimum CET1 capital requirement of 4.5% of the Issuer's total risk exposure amount ("**TREA**") as calculated in accordance with Article 92 CRR and any P2R applicable to the Issuer. The Dutch legislator has implemented the CBR in the Wft and the implementing Decree on prudential rules Wft (*Besluit prudentiële regels Wft*, the "**Decree on Prudential Rules Wft**") which entered into force on 1 August 2014.

The CBR consists of the following elements:

- **Capital conservation buffer (*kapitaalconserveringsbuffer*)**: set at 2.5% of TREA;

- **Institution-specific countercyclical capital buffer (*contracyclische kapitaalbuffer*)**: the institution-specific countercyclical capital buffer rate shall consist of the weighted average of the countercyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located; this rate will be between 0% and 2.5% of TREA (but may be set higher than 2.5% where the designated authority considers that the conditions justify this). The designated authority in each member state must set the countercyclical capital buffer rate for exposures in its jurisdiction on a quarterly basis;

- **Systemic relevance buffer (*systeemrelevantiebuffer*)**: the systemic relevance buffer consists of a buffer for G-SII's and for other systemically important institutions ("**O-SII's**"), to be determined by DNB. The buffer rate for O-SIIs can be up to 2.0% of TREA. The buffer rate for G-SII can be between 1% and 3.5% of TREA. DNB periodically reviews the identification of G-SIIs and O-SIIs as well as the applicable buffer rate; and

- **Systemic risk buffer (*systeemrisicobuffer*)**: potentially set as an additional loss absorbency buffer to prevent and mitigate long term non-cyclical systemic or macro prudential risks not covered in CRD, to be determined by DNB. The level of the systemic risk buffer may vary across institutions or sets of institutions as well as across subsets of exposures. In 2020, DNB has reduced the systemic risk buffer for all Dutch banks to 0%.

At the date of this Prospectus, the Issuer is subject to the capital conservation buffer and a 1% O-SII buffer. However, in the future the Issuer may need to comply with a higher combined buffer requirement. For example, the Competent Authority may impose a systemic risk buffer or increase the countercyclical capital buffer rate for relevant credit exposure. Furthermore, under the EU Banking Reforms, where an institution is subject to a systemic relevance buffer and a systemic risk buffer, these buffers will become cumulative. In 2020, DNB also announced that in order to offset the lower systemic risk buffer and O-SII buffer, the Issuer's countercyclical capital buffer will be gradually increased from 0% to 2% of TREA as soon as the economic situation caused by the corona pandemic has gone back to normal. On 25 May 2022, DNB announced an increase in the countercyclical capital buffer from 0% to 1% applicable from 25 May 2023. Any increase by

DNB of the CBR may require the Issuer not only to increase its CET1 capital ratio but also its overall amount of MREL.

The capital the ECB asks banks to keep based on the SREP consists of a bank-specific capital requirement, the Pillar 2 Requirement ("**P2R**"), which applies in addition to, and covers risks which are underestimated or not covered by, the minimum capital requirement (known as Pillar 1). The P2R is binding and breaches can have direct legal consequences for banks. The capital the ECB asks banks to keep based on the SREP also includes the Pillar 2 Guidance ("**P2G**"), which indicates to banks the adequate level of capital to be maintained to provide a sufficient buffer to withstand stressed situations. Unlike the P2R, the P2G is not legally binding.

Accordingly, in the capital stack of a bank, the P2G is in addition to (and "sits above") that bank's P1R, its P2R and its CBR. If a bank does not meet its P2G, the mandatory restrictions on discretionary payments (including payments on its CET1 and Additional Tier 1 instruments such as the Capital Securities) based on its Maximum Distributable Amount will not automatically apply. Instead, the Competent Authority will carefully consider the reasons and circumstances and may impose individually tailored supervisory measures. However, only if a bank fails to maintain its CBR, e.g. because of a breach of P2R, the mandatory restrictions on discretionary payments (including payments on its CET1 and Additional Tier 1 instruments such as the Capital Securities) based on its Maximum Distributable Amount will apply. However, there can be no assurance as to the relationship between the "Pillar 2" additional own funds requirements and the restrictions on discretionary payments (including distributions on the Capital Securities) and as to how and when effect will be given to the EBA's guidelines and/or the EU Banking Reforms in The Netherlands, including as to the consequences for a bank of its capital levels falling below the P1R, P2R and/or CBR referred to above.

There can be no assurance, however, that any of the minimum P1R, P2R, CBR or MREL requirements applicable to the Issuer will not be amended in the future to include new and more onerous capital requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Capital Securities.

The Issuer's capital ratios are above the regulatory minimum requirements. At 31 December 2021 the Issuer had a consolidated CET1 capital ratio of 22.7% (31 December 2020: 31.2%), which is well above the 2021 SREP requirement applicable as from 1 March 2022. Pursuant to the 2021 SREP requirement, the Issuer is required to hold a minimum consolidated Total capital ratio of 14.51%, which is composed of 8.0% P1R, 3.0% P2R, a 2.5% capital conservation buffer, a 1.0% O-SII buffer and a countercyclical capital buffer of 0.01% as of 31 December 2021. Of this Overall Capital Requirement, at least 9.69% needs to be composed of CET1 capital assuming sufficient AT1 capital is available. The Maximum Distributable Amount trigger level as at the date of this Prospectus is 11.76% CET1 (including an Additional Tier 1 capital shortfall of 2.06%). The Issuer currently has a consolidated CET1 target ratio of 19%, consisting of the 2021 SREP requirement, P2G and a management buffer. As at 31 December 2021, the estimated fully-loaded Basel IV CET1 ratio was 22.5%.

There can be no assurance, however, that Issuer will continue to maintain its current target ratio or internal management buffer or that any such target ratio and buffer would be sufficient to protect against a breach of the CBR resulting in restrictions on payments on its CET1 instruments and Additional Tier 1 instruments, such as the Capital Securities.

As outlined in the risk factors "F.3. *In certain circumstances, the Issuer may decide not to pay interest on the Capital Securities or be required not to pay such interest*" " and "C.4. *Capital and/or liquidity requirements may adversely affect the business of the Issuer*" above, a failure by the Issuer to comply with its MREL requirements may result in the Issuer breaching the CBR and, consequently, become subject to the restrictions on payments on Additional Tier 1 instruments,

including the Capital Securities (subject to a potential nine-month grace period for such restrictions to apply in case specific conditions are met, e.g. where such breach of the combined buffer requirement is due to a temporary inability to issue new debt that is eligible for MREL).

On 10 May 2021, the Issuer received the MREL requirements to be met as from 1 January 2022 and as from 1 January 2024. The Issuer has to meet an MREL of 7.87% of the LRE as from 1 January 2022. As a binding intermediate MREL target, the Issuer has to meet an MREL of 6.55% of the LRE with subordinated instruments (Tier 1 capital, Tier 2 capital and senior non-preferred notes) as from 1 January 2022. As from 1 January 2024, the 7.87% MREL has to be fully met with subordinated instruments. The Issuer has to meet a risk-weighted MREL of 23.28% of RWA as from 1 January 2022. As from 1 January 2022, the Issuer has to meet an MREL of 13.5% of RWA with subordinated instruments. The risk-weighted MREL of 23.28% has to be fully met with subordinated instruments as from 1 January 2024. Capital used to meet the risk-weighted MREL requirements cannot be used to meet the CBR.

Including total capital and all other unsecured liabilities that are MREL eligible according to the current BRRD, the non-risk-weighted consolidated MREL ratio based on the LRE as per 31 December 2021 amounted to 9.6% (YE20: 9.0%). Including only total capital and eligible senior non-preferred liabilities, the non-risk-weighted consolidated MREL ratio based on the LRE equalled 7.5% (YE20: 6.0%).

There can be no assurance, however, that Issuer will continue to meet the MREL requirements or that any buffer would be sufficient to protect against a breach of the CBR resulting in restrictions on payments on its CET1 instruments and Additional Tier 1 instruments, such as the Capital Securities.

7. A Holder may lose all or part of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption or Recapitalisation occurs

In addition to being subject to a possible write-down as a result of the occurrence of a Trigger Event in accordance with the Terms and Conditions of the Capital Securities, the Capital Securities may also be subject to a permanent write-down or conversion (in whole or in part) in circumstances where the competent Resolution Authority would, in its discretion, determine that the Issuer has reached the point of non-viability. For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the SRM Regulation and BRRD is the point at which the Resolution Authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or, in certain circumstances, its group, will no longer be viable unless the relevant capital instruments (such as the Capital Securities) are written-down or converted or extraordinary public financial support is to be provided and without such support the appropriate authority determines that the institution or group would no longer be viable.

Pre-resolution measures

If the Issuer would be deemed no longer viable (or one or more other conditions as set out in Article 21 SRM Regulation apply, "**Non-Viability Event**") the Issuer may be subject to the write-down, cancellation or conversion of relevant capital instruments issued by it (or in cooperation with it) (i.e. Common Equity Tier 1 items, Additional Tier 1 instruments (such as the Capital Securities) and Tier 2 instruments, each as referred to in the CRR) and either independently (i.e. separate from, and before any, resolution action) or in combination with a resolution action (such as the application of a transfer tool and/or the bail-in tool, discussed below). This measure is referred to as the write-down and conversion of capital instruments tool ("**WDCCI**"). The WDCCI can be exercised in order to write-down, cancel or convert the relevant capital

instruments (such as the Capital Securities) into (rights with respect to to-be-issued) shares or other instruments of ownership. The WDCCI should be exercised in accordance with a certain order of priority, as described below, although exceptions may apply. WDCCI could adversely affect the rights and effective remedies of the Holders and the market value of the Capital Securities could be negatively affected.

Resolution measures

If the Issuer would be deemed to fail or likely to fail and the other resolution conditions (as set out in Article 18 SRM Regulation) would also be met, the Issuer may be placed under resolution. The Resolution Authority may in the event of resolution decide to apply certain resolution tools, subject to the general resolution objectives and principles laid down in the SRM Regulation. These resolution tools may include (without limitation) the sale of the bank's business, the separation of assets, the bail-in tool, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments and discontinuing the listing and admission to trading of financial instruments (including the Capital Securities). (see above under "C.3. *Resolution regimes may (inter alia) lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding").*

These powers and tools are intended to be used prior to the point at which any insolvency proceedings with respect to the Issuer could have been initiated. Although the applicable legalisation provides for conditions to the exercise of any resolution powers and EBA guidelines set out the objective elements for determining whether an institution is failing or likely to fail, it is uncertain how the relevant resolution authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and in deciding whether to exercise a resolution power. The relevant resolution authority is also not required to provide any advance notice to the Holders of its decision to exercise any resolution power. Therefore, the Holders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer or the Holders' rights under the Capital Securities.

Write-down order

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

(i) Common Equity Tier 1 items;
(ii) Additional Tier 1 capital instruments (such as the Capital Securities);
(iii) Tier 2 capital instruments;
(iv) eligible liabilities in the form of subordinated debt that is not (or no longer) Additional Tier 1 capital or Tier 2 capital in accordance with the hierarchy of claims in normal bankruptcy proceedings (including as a result of the Amending Act);
(v) eligible liabilities qualifying as statutory senior non-preferred obligations; and
(vi) the rest of eligible liabilities in accordance with the hierarchy of claims in normal bankruptcy proceedings.

Instruments of the same ranking are generally written down or converted to equity on a *pro rata* basis subject to certain exceptional circumstances set out in the BRRD.

WDCCI can under the current resolution framework only extend to the instruments referred to under (i), (ii) and (iii) while the bail-in tool may also result in the write-down or conversion of the liabilities referred to under (iv), (v) and (vi). Although the write-down or conversion into shares of the Capital Securities may be part of the bail-in tool, such write-down or conversion would in any event occur prior to bail in of Tier 2 capital instruments, eligible liabilities and senior preferred debt instruments.

Holders should be aware that one of the purposes of the resolution tools available to the Resolution Authority is to protect public funds by minimising reliance on extraordinary public financial support and as a result financial public support will only be used as a last resort after having assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool. Therefore there is a real risk that the resolution tools will be applied by the Resolution Authority if the Issuer meets the conditions for resolution as set out above.

When applying the resolution tools and exercising the resolution powers, including the preparation and implementation thereof, the resolution authorities are not subject to (i) requirements to obtain approval or consent from any person either public or private, including but not limited to the holders of shares or debt instruments, or from any other creditors, and (ii) procedural requirements to notify any person including any requirement to publish any notice or prospectus or to file or register any document with any other authority, that would otherwise apply by virtue of applicable law, contract, or otherwise. In particular, the resolution authorities can exercise their powers irrespective of any restriction on, or requirement for consent for, transfer of the financial instruments, rights, assets or liabilities in question that might otherwise apply.

Powers of the Dutch Minister of Finance

In addition, pursuant to the Dutch Intervention Act, the Dutch Minister of Finance has powers to deal with ailing Dutch banks prior to insolvency. These powers (including the expropriation of liabilities of, or claims against, a bank), if exercised with respect to the Issuer, may impact the Capital Securities and will, subject to certain exceptions, lead to counterparties of the Issuer including Holders) not being entitled to invoke events of default or set off their claims and the risk to lose all or a substantial part of their investments in the Capital Securities.

Other loss absorption powers

It is possible that pursuant to the Dutch Intervention Act, BRRD, the SRM or other resolution or recovery rules which may in the future be applicable to the Issuer (including, but not limited to, CRD), 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 debt, including the Capital Securities, absorbing losses or otherwise affecting the rights and effective remedies of Holders in the course of any resolution of the Issuer. The Issuer is unable to predict what effects, if any, existing or future powers may have on the financial system generally, the Issuer's counterparties, the Issuer, any of its consolidated subsidiaries, its operations and/or its financial position.

Impact of the loss absorption powers

Exercise of the foregoing powers could involve taking various actions in relation to the Issuer or any securities issued by the Issuer (including the Capital Securities) without the consent of the Holders in the context of which any termination or acceleration rights or events of default may be disregarded. In addition, Holders will have no further claims in respect of any amount written off, converted or otherwise applied as a result thereof. There can be no assurance that the taking of any such actions would not adversely affect the rights of Holders, the price or value of their

investment in the Capital Securities and/or the ability of the Issuer to satisfy its obligations under the Capital Securities.

Holders may have only very limited rights to challenge and/or seek a suspension of any decision of the relevant resolution authority to exercise its (pre-)resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise. Application of any of the measures, as described above, shall not constitute an event of default under the Capital Securities and Holders will have no further claims in respect of the amount so written down or subject to conversion or otherwise as a result of the application of such measures. Accordingly, if the bail-in tool or WDCCI is applied, this may result in claims of Holders being written down or converted into equity. In addition, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Holders in the resolution of the Issuer and there can be no assurance that Holders would recover such compensation promptly.

The Dutch Intervention Act, the BRRD and the SRM could negatively affect the position of Holders and the credit rating attached to the Capital Securities, in particular if and when any of the above proceedings would be commenced against the Issuer, since the application of any such legislation may affect the rights and effective remedies of the Holders as well as the market value of the Capital Securities.

Statutory Loss Absorption and Recapitalisation

With a view to the developments described above, the Terms and Conditions of the Capital Securities stipulate that the Capital Securities may become subject to the determination by the relevant Resolution Authority or the Issuer (following instructions from the relevant Resolution Authority) that (a) all or part of the principal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be written off or otherwise be applied to absorb losses, subject to write-up by the Resolution Authority (such loss absorption, "**Statutory Loss Absorption**") or (b) all or part of the nominal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be converted into CET1 instruments (such conversion, "**Recapitalisation**"), all as prescribed by the Applicable Resolution Framework. See Condition 9 (*Statutory Loss Absorption or Recapitalisation*).

Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Capital Securities subject to Statutory Loss Absorption or Recapitalisation shall be written off or otherwise be applied to absorb losses or converted into CET1 instruments, as prescribed by the Applicable Resolution Framework, (ii) investors will have no further rights or claims in respect of the amount so written off or subject to conversion or otherwise as a result of such Statutory Loss Absorption or Recapitalisation and (iii) such Statutory Loss Absorption or Recapitalisation shall not constitute a default nor entitle investors to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer.

Subject to any write-up by the Resolution Authority, any written off amount as a result of Statutory Loss Absorption or Recapitalisation shall be irrevocably lost and investors will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to Statutory Loss Absorption or Recapitalisation.

In addition, the Terms and Conditions of the Capital Securities stipulate that, subject to the determination by the relevant Resolution Authority and without the consent of the Holders, the Capital Securities may be subject to other resolution measures as envisaged under by the Applicable Resolution Framework, such as replacement or substitution of the Issuer, transfer of

the Capital Securities, expropriation of Holders, modification of the terms of the Capital Securities, suspension of any payment of delivery obligations of the Issuer under or in connection with the Capital Securities and/or suspension or termination of the listings of the Capital Securities; such determination, the implementation thereof and the rights of Holders shall be as prescribed by the Applicable Resolution Framework, which may, *inter alia*, include the concept that, upon such determination no Holder shall be entitled to claim any indemnification arising from any such event. Any such event shall not constitute an event of default or entitle the Holders to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer.

The determination that all or part of the nominal amount of the Capital Securities will be subject to Statutory Loss Absorption or Recapitalisation may be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. The Resolution Authority may require or may cause a write down (or apply any other measure under the Applicable Resolution Framework; see above under "C.3. *Resolution regimes may (inter alia) lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*"), in circumstances that are beyond the control of the Issuer and with which the Issuer may not agree. It is possible that the Resolution Authority will use its powers under the Applicable Resolution Framework (see under "*Resolution regimes may (inter alia) lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*"), to force a write down or conversion, which could result in the Capital Securities absorbing losses. Accordingly, trading behaviour in respect of Capital Securities which are subject to Statutory Loss Absorption or Recapitalisation is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication or perceived indication that Capital Securities will become subject to Statutory Loss Absorption or Recapitalisation could have an adverse effect on the market price of the relevant Capital Securities. Potential investors should consider the risk that they may lose all or parts of their investment in such Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption or Recapitalisation occurs.

8. A failure by the Issuer to use the net proceeds of the Capital Securities in connection with green projects and/or any failure to meet the investment requirements of certain environ-mentally focused investors may affect the value and/or trading price of such bonds or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets

The Capital Securities are issued as green bonds in accordance with the Issuer's green bond framework (as amended from time to time) ("**de Volksbank's Green Bond Framework**") and certain prescribed eligibility criteria (also see the chapter "*Use of Proceeds*"). De Volksbank's Green Bond Framework follows the International Capital Market Association ("**ICMA**") Green Bond Principles.

The ICMA Green Bond Principles are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market. To confirm that securities issued by the Issuer are in compliance with the ICMA Green Bond Principles, a sustainability rating agency or sustainability consulting firm may be requested to provide an independent opinion (a "**Second Party Opinion**").

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green” or “sustainable”, and therefore no assurance can be provided by the Issuer to potential investors that the green projects will meet, whether in whole or in part, any present or future investor expectations or requirements regarding environmental or sustainability performance or continue to meet the relevant eligibility criteria. Although applicable green

projects are expected to be selected in accordance with the categories recognised by the ICMA Green Bond Principles and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental impact will not occur during the design, construction, commissioning and/or operation of any such green projects. Where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticised by activist groups or other stakeholders which could have a negative reputational impact on the Issuer and reduce the liquidity, increase volatility or otherwise affect the market price of the Capital Securities.

The Issuer intends to use the proceeds of the Capital Securities for green projects. However, even if the Issuer agrees on the Issue Date of the Capital Securities to use the proceeds for the financing and/or refinancing of Eligible Green Loan Portfolios and to certain allocation and/or impact reporting in the manner specified in this Prospectus, it would not be an event of default under the Capital Securities if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in this Prospectus and/or (ii) the Second Party Opinion were to be withdrawn and/or (iii) the existence of a potential mismatch between the duration of the Eligible Green Loan Portfolio and the duration of the Capital Securities and/or (iv) the Issuer would amend the Eligibility Criteria and/or (v) the Issuer were to fail to publish the allocation reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio. Furthermore, any such event or failure by the Issuer will under no circumstance (i) lead to an obligation of the Issuer to redeem such Capital Securities or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of the Capital Securities, (ii) give the Holders a right to request early redemption or accelerate repayment of the Capital Securities or give raise to any claim against the Issuer, (iii) require the Issuer to increase any amount of principal or interest payable on the Capital Securities or (iv) affect the qualification of such Capital Securities or have an impact on the status and ranking of the Capital Securities.

The Capital Securities will be subject to (i) CRR eligibility criteria and (ii) bail-in and other resolution measures provided by the BRRD. Holders will not be treated in any way differently than holders of Additional Tier 1 instruments which may be issued by the Issuer which are not green bonds, *inter alia* to the effect that (i) the Capital Securities remain available to absorb losses incurred not only on Eligible Green Loan Portfolios but also on all types of assets on the balance sheet of the Issuer, in the event of the Issuer's insolvency, at the point of non-viability or in resolution (as applicable), (ii) the lack of sufficient Eligible Green Loan Portfolios has no consequence on the Capital Securities' permanence and loss absorbency requirements, (iii) the Maximum Distributable Amount restrictions apply equally to the Capital Securities as to Additional Tier 1 instruments which are not green bonds, (iv) the Capital Securities are equally subordinated as the claims of holders of Additional Tier 1instruments which are not issued as green bonds, (v) Holders have no rights to accelerate repayment of the principal amount and there are no events of default, (vi) these Holders cannot exercise any rights due to failure by the Issuer to comply with any ESG targets, and (vii) payments of principal and interest (as the case may be) on the Capital Securities shall not depend on the performance of the Eligible Green Loan Portfolio or ESG targets of the Issuer.

9. No scheduled redemption

The Capital Securities are undated securities in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Capital Securities at any time (see Condition 6 (*Redemption and Purchase*)); although the Terms and Conditions of the Capital Securities include several options for the Issuer to redeem the Capital Securities, there is no contractual incentive for the Issuer to exercise any of these call options and the Issuer has full

discretion under the Terms and Conditions of the Capital Securities not to do so for any reason. There will be no redemption at the option of the Holders.

This means that Holders have no ability to cash in their investment, except:

(a) if the Issuer exercises its rights to redeem or purchase the Capital Securities;

(b) by selling their Capital Securities; or

(c) by claiming for any principal amounts due and not paid in any bankruptcy or dissolution (*ontbinding*) of the Issuer.

Accordingly, there is uncertainty as to when (if ever) an investor in the Capital Securities will receive repayment of the Prevailing Principal Amount of the Capital Securities or a portion thereof.

10. There is variation or substitution risk in respect of the Capital Securities

The Issuer may if a Tax Event or a Capital Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption or Recapitalisation*), subject to compliance with any conditions prescribed under Applicable Banking Regulations, including the prior permission of the Competent Authority if required at the relevant time, but without any requirement for the consent or approval of the Holders, substitute the Capital Securities or vary the terms of the Capital Securities provided that they remain or, as appropriate, become compliant with Applicable Banking Regulations with respect to Additional Tier 1 Capital and that such substitution or variation shall not result in terms that are materially less favourable to the Holders, other than in respect of the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption or Recapitalisation*) (as reasonably determined by the Issuer). Following such variation or substitution the resulting securities must have *inter alia*, at least, the same ranking and interest rate and the same interest payment dates, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Capital Securities. Nonetheless, no assurance can be given as to whether any of these changes will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such varied or substituted Capital Securities could be different for some categories of investors from the tax and stamp duty consequences of their holding the Capital Securities prior to such variation or substitution. See Condition 7 (*Substitution and Variation*) of the Terms and Conditions of the Capital Securities.

The Competent Authority has discretion as to whether or not it will approve any substitution or variation of the Capital Securities, if such permission is prescribed under the then Applicable Banking Regulations. Any such substitution or variation which is considered by the Competent Authority to be material shall be treated by it as the issuance of a new instrument. Therefore, the Capital Securities, as so substituted or varied, must be eligible as Additional Tier 1 Capital in accordance with the then prevailing Applicable Banking Regulations, which may include a requirement that (save in certain prescribed circumstances) the Capital Securities may not be redeemed or repurchased prior to five years after the effective date of such substitution or variation.

11. The Capital Securities are subject to modification, waivers and substitution

The Terms and Conditions of the Capital Securities contain provisions for convening meetings of Holders to consider matters affecting their interests generally. These provisions permit defined

majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Terms and Conditions of the Capital Securities also provide that the Issuer and the Agent may, without the consent of Holders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Holders) of the Agency Agreement which is not, in the sole opinion of the Issuer, materially prejudicial to the interests of Holders, or (ii) any modification of the Capital Securities or the Agency Agreement which is, in the sole opinion of the Issuer (acting reasonably), of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law or as a result of the operation of a benchmark replacement in accordance with Condition 4.1(d).

It is possible that any modified or substitution Capital Securities will contain Conditions that are contrary to the investment criteria of certain investors. Any resulting sale of the Capital Securities, or of the modified or substitution securities, may be adversely affected by market perception of and price movements in the terms of the modified or substitution securities.

12. The Terms and Conditions of the Capital Securities do not provide for events of default allowing acceleration of the Capital Securities

The Terms and Conditions of the Capital Securities do not provide for events of default allowing acceleration of the Capital Securities if certain events occur, for example if the Issuer fails to pay any amount of interest or principal when due. Also, the Capital Securities cannot cross default based on non-payment on other securities, except where such non-payment on other securities itself results in the winding-up of the Issuer. Accordingly, if the Issuer fails to meet any obligation under the Capital Securities, including the payment of interest or the Prevailing Principal Amount of the Capital Securities following the exercise of a right to redeem the Capital Securities as referred in Condition 6 (*Redemption and Purchase*), such failure will not give the Holder any right to accelerate the Capital Securities. Accrued but unpaid interest will be deemed cancelled (see the risk factor "F.3. *In certain circumstances, the Issuer may decide not to pay interest on the Capital Securities or be required by the Terms and Conditions of the Capital Securities not to pay such interest*"). The sole remedy available to the Holder for recovery of amounts owing in respect of due but unpaid Prevailing Principal Amount will be to demand payment of its claim in the winding-up or liquidation of the Issuer. Liquidation or winding-up of the Issuer may take place if any of the events specified in the risk factor "F.1. *The Capital Securities constitute subordinated obligations*" above were to occur. See Condition 12 (*Limited Remedies in case of Non-Payment*). Holders have limited power to invoke the liquidation of the Issuer and will be responsible for taking all steps necessary for submitting claims in any bankruptcy proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

Any right of set-off or netting of any Holder at any time in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities shall be excluded.

13. A reset of the interest rate could affect the market value of an investment in the Capital Securities

The Rate of Interest of the Capital Securities will be reset as from the First Reset Date and as from each date which falls five, or an integral multiple of five, years after the First Reset Date. Such Rate of Interest will be determined two Business Days prior to the relevant reset date and as such is not pre-defined at the date of issue of the Capital Securities; it may be lower than the Initial Rate of Interest and may adversely affect the yield or market value of the Capital Securities. See also the risk factor below "F.14. *The regulation and reform of "benchmarks" may adversely affect the value of Capital Securities*".

14. The regulation and reform of "benchmarks" may adversely affect the value of Capital Securities

EURIBOR and other indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms, such as the introduction of the EU Benchmarks Regulation are already effective while others are still to be implemented.

These reforms may cause such benchmarks to perform differently than in the past (as a result of a change in methodology or otherwise), to disappear entirely, create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. In particular, among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

In March 2017, the European Money Markets Institute (the "**EMMI**") (formerly EURIBOR-EBF) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the EU Benchmarks Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". EMMI has since strengthened its governance framework and has developed a hybrid methodology for EURIBOR. On 28 November 2019, EMMI confirmed it has completed the transitioning of the panel banks from the quote-based EURIBOR methodology to the hybrid methodology. Although EURIBOR has been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

Investors should be aware that if the Reference Rate or Mid-Swap Rate (as applicable) has been discontinued or another Benchmark Event (as defined in the Terms and Conditions of the Capital Securities) has occurred, the Rate of Interest on the Capital Securities will be determined for the relevant period by the fallback provisions set out in Condition 4.1(d) applicable to such Capital Securities. In making such determinations and adjustments, the Issuer may be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Replacement Reference Rate and other matters referred to under Condition 4.1(d) will (in the absence of manifest error) be final and binding, and will apply to the Capital Securities without any requirement that the Issuer obtains consent of any Holders or Couponholders. The use of the Replacement Reference Rate may result in the Capital Securities that referenced the Reference Rate or Mid-Swap Rate (as applicable) performing differently (including potentially paying a lower interest rate) than they would do if the Reference Rate or Mid-Swap Rate (as applicable) were to continue to apply in its current form.

The Terms and Conditions of the Capital Securities also provide that an Adjustment Spread may be determined by the Issuer to be applied to the Replacement Reference Rate. The aim of the Adjustment Spread is to reduce or eliminate, so far as practicable, any economic prejudice or

benefit (as the case may be) to Holders as a result of the replacement of the Reference Rate or Mid-Swap Rate (as applicable) with the Replacement Reference Rate. However. there is no guarantee that such an Adjustment Spread will be determined or applied, or that the application of the Adjustment Spread will either reduce or eliminate economic prejudice to Holders. If no Adjustment Spread is determined, the Replacement Reference Rate may nonetheless be used to determine the interest rate.

If the Issuer is unable to or otherwise does not determine a Replacement Reference Rate under Condition 4.1(d) or any of the other matters referred to under Condition 4.1(d), this could result in the application of the fallback provisions contained in Condition 4.1, which may result in the Interest Rate being the interest rate applicable as at the last preceding Interest Determination Date before the Benchmark Event occurred.

The application of the fallback provisions contained in Condition 4.1 may lead to a conflict of interests of the Issuer and Holders including with respect to certain determinations and judgments that the Agent and the Paying Agent may make pursuant to Condition 4.1 that may influence the amount receivable under the Capital Securities. The Issuer and/or any of its affiliates may have existing or future business relationships and will pursue actions and take steps that the Issuer deems or any of its affiliates deem necessary or appropriate to protect its and/or their interests arising therefrom without regard to the consequences for a Holder.

In addition, due to the uncertainty concerning the availability of a Replacement Reference Rate, the relevant fallback provisions may not operate as intended at the relevant time. In addition, the Replacement Reference Rate may perform differently from the Reference Rate or Mid-Swap Rate (as applicable). For example, several risk free rates, which are overnight rates, are currently being developed, while the Reference Rate or Mid-Swap Rate (as applicable) may have a certain maturity, for example a term of one, three or six months. Similarly, these risk free rates generally do not carry an implicit element of credit risk of the banking sector, which may form part of the Reference Rate or Mid-Swap Rate (as applicable). The differences between the Replacement Reference Rate and the Reference Rate or Mid-Swap Rate (as applicable) could have a material adverse effect on the value of and return on any such Capital Securities. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Capital Securities or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Capital Securities based on or linked to a Reference Rate or Mid-Swap Rate (as applicable) or other benchmark.

15. There is a risk that the Issuer may be considered an 'administrator' under the EU Benchmarks Regulation

Under the EU Benchmarks Regulation, each of the Issuer and the Independent Adviser may be considered an ‘administrator’. This is the case if it is considered to be in control over the provision of the Replacement Reference Rate and any adjustments made thereto and/or otherwise in determining the Reset Rate of Interest in the context of a fall-back scenario.

The EU Benchmarks Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the EU Benchmarks Regulation. There is a risk that administrators (which may include the Issuer and the Independent Adviser in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorisation, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark. The Issuer cannot guarantee that it will and will be able to timely obtain registration or authorisation to administrate a benchmark, in

case the Issuer will be considered an administrator under the EU Benchmarks Regulation. This will also affect the possibility for the Issuer to apply the fallback provision of Condition 4.1(d) meaning that the Reference Rate or Mid-Swap Rate (as applicable) will remain unchanged (but subject to the other provisions of Condition 4.1). Other administrators may cease to administer certain benchmarks because of the additional costs of compliance with the requirements of the EU Benchmarks Regulation such as relating to governance and conflict of interest, control frameworks, record-keeping and complaints-handling.

Potential investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and benchmark reforms, investigations and licensing issuances in making any investment decision with respect to the Capital Securities.

16. Financial transaction tax

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Capital Securities (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Capital Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementations, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective Holders are advised to seek their own professional advice in relation to the FTT.

17. Many aspects of the manner in which CRD will be interpreted remain uncertain and may be subject to change

Many of the defined terms in the Terms and Conditions of the Capital Securities depend on the final interpretation and implementation of the CRD Directive, CRR and the EU Banking Reforms. In particular, the EU Banking Reforms are a recently adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. In addition, a number of important interpretational issues remain to be resolved through binding technical and implementing standards and guidelines and recommendations by the EBA that will be adopted in the future, and leaves certain other matters to the discretion of the competent authority. On 27 October 2021, the European Commission published a proposal on the revised CRD Directive (being CRD VI) and the third CRR (being CRR3). This proposal aims to finalise

the EU's implementation of the Basel III framework through CRD VI and CRR3. The CRR3 and CRD VI provisions are scheduled to apply as from 1 January 2025.

Furthermore, any change in the laws or regulations of The Netherlands (including tax laws applicable to the Capital Securities), Applicable Banking Regulations or any change in the application or official interpretation thereof may in certain circumstances result in the Issuer having the option to redeem the Capital Securities in whole but not in part (see also the risk factor "F.18. *The Capital Securities are subject to optional early redemption at the First Reset Date, each Interest Payment Date thereafter or at any time upon the occurrence of a Tax Event or a Capital Event, subject to certain conditions*" below). If so redeemed, the Capital Securities would cease to be outstanding, which could materially and adversely affect investors and frustrate their investment strategies and goals.

Such legislative and regulatory uncertainty could affect an investor's ability to value the Capital Securities accurately and therefore affect the market price of the Capital Securities given the extent and impact on the Capital Securities of one or more regulatory or legislative changes.

18. The Capital Securities are subject to optional early redemption at the First Reset Date, each Interest Payment Date thereafter or at any time upon the occurrence of a Tax Event or a Capital Event, subject to certain conditions

The Issuer may, at its option, redeem all, but not some only, of the Capital Securities on any day falling in the period commencing on (and including) 15 June 2027 and ending on (and including) the First Reset Date or on each Interest Payment Date after the First Reset Date (the "**Issuer Call Option**"), or at any time upon the occurrence of a Tax Event or a Capital Event, in each case at their Prevailing Principal Amount plus accrued and unpaid interest (if any). Any such redemption shall be subject to Condition 6.6 (*Conditions for Redemption and Purchase*) which provides, among other things, that (i) the Competent Authority must give its prior written permission and (ii) the Issuer must demonstrate to the satisfaction of the Competent Authority that the Issuer complies with Article 78 CRR (or any equivalent or substitute provision under Applicable Banking Regulations), which may include (a) the replacement of the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer or, save in the case of Condition 6.5 (*Purchases*) (b) that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum own funds requirements (including any applicable buffer requirements) by a margin that the Competent Authority considers necessary at such time. Also, the Issuer shall have the right to redeem the Capital Securities following a Principal Write-down before the Prevailing Principal Amount has been restored to the Original Principal Amount. Accordingly, Holders risk only receiving the amount of principal so reduced by the Principal Write-down. However, if a Principal Write-down has occurred, the Issuer shall not be entitled to redeem the Capital Securities by exercising the Issuer Call Option until the reduced principal amount of the Capital Securities is increased up to their Original Principal Amount pursuant to conditions for Principal Write-up.

An optional redemption feature is likely to limit the market value of the Capital Securities. During any period when the Issuer may elect, or in case of an actual or perceived increased likelihood that the Issuer may elect to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. In addition, investors will not receive a make-whole amount or any other compensation in the event of any early redemption of Capital Securities.

It is not possible to predict whether any of the circumstances mentioned above will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Capital Securities, and if so, whether or not the Issuer will elect to exercise such option to redeem the Capital Securities.

If the Issuer redeems the Capital Securities in any of the circumstances mentioned above, there is a risk that the Capital Securities may be redeemed at times when the redemption proceeds are less than the current market value or the Original Principal Amount of the Capital Securities or when prevailing interest rates may be relatively low, in which latter case investors may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

19. Definitive Capital Securities where denominations involve integral multiples may be subject to minimum denomination considerations

As the Capital Securities have a denomination consisting of the minimum denomination of €200,000 plus integral multiples of €100,000 in excess thereof up to (and including) €300,000, it is possible that such Capital Securities may be traded in amounts that are not integral multiples of such minimum denomination of €200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum denomination of €200,000 in its account with the relevant clearing system at the relevant time may not receive a Definitive Capital Security in respect of such holding (in the limited circumstances in which Definitive Capital Securities could be printed) and would need to purchase a principal amount of Capital Securities such that its holding amounts to €200,000.

If Definitive Capital Securities would ever be issued, holders should be aware that Definitive Capital Securities which have a denomination that is not an integral multiple of minimum denomination of €200,000 may be illiquid and difficult to trade.

G. Risks related to holding of the Capital Securities

1. **Change of law and jurisdiction may impact the Capital Securities**

Change of law

No assurance can be given as to the impact of any possible judicial decision or change to Dutch, European or any applicable laws, regulations or administrative practices after the date of this Prospectus. Such changes in law (including tax laws) may include, but are not limited to, the introduction of, or amendments to, a variety of statutory resolution and loss absorption tools and regulatory and resolution capital requirements (including the EU Banking Reforms) which may affect the rights of Holders or the risks attached to an investment in the Capital Securities.

Jurisdiction

Potential investors should note that the courts of The Netherlands shall have jurisdiction in respect of any disputes involving the Capital Securities. Holders may take any suit, action or proceedings arising out of or in connection with the Capital Securities against the Issuer in any court of competent jurisdiction. Dutch law may be materially different from the equivalent law in the home state jurisdiction of potential investors in its application to the Capital Securities.

2. Because the Global Capital Security is held on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the procedures for transfer, payment and communication with the Issuer of Euroclear and Clearstream, Luxembourg and any nominee service providers used by such investors to hold their investment in the Capital Securities

The Capital Securities will be represented by the Temporary Global Security which is exchangeable for the Permanent Global Security. The Global Capital Securities will be held by a common safekeeper for Euroclear and Clearstream, Luxembourg. Holders will not be entitled to receive Definitive Capital Securities, except in certain limited circumstances, as more fully

described in the section headed "*Form of the Capital Securities*" below. For as long as the Capital Securities are represented by a Global Capital Security held by a common safekeeper for Euroclear and/or Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on the Global Capital Securities will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Capital Security. The bearer of the relevant Global Capital Security, being the common safekeeper for Euroclear and/or Clearstream, Luxembourg, shall be treated by the Issuer and any Paying Agent and the Agent as the sole holder of the Capital Securities represented by such Global Capital Security with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Capital Securities. No person other than the holder of such Global Capital Security shall have any claim against the Issuer in respect of any payments due on that Global Capital Security. The term Holder in these risk factors and the Terms and Conditions should be construed accordingly.

Consequently, where a nominee service provider is used by an investor to hold the relevant Capital Securities or such investor holds interests in any Capital Securities through accounts with Euroclear or Clearstream, Luxembourg, such investor must look solely to Euroclear or Clearstream, Luxembourg and the relevant nominee service provider for its share of each payment made by the Issuer 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 and Euroclear or Clearstream, Luxembourg, as the case may be. Such investor must rely on the relevant nominee service provider or Euroclear or Clearstream, Luxembourg, as the case may be, to distribute all payments attributable to the relevant Capital Securities which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or clearing system, as well as the Issuer.

For the purposes of (a) distributing any notices to Holders, (b) recognizing Holders for the purposes of attending and/or voting at any meetings of holders and (c) a notice, following any of the events listed in Condition 12 (*Limited Remedies in case of Non-Payment*), by any Holder in which it is declared that the Capital Security held by a Holder is forthwith due and payable (as described in Condition 12 (*Limited Remedies in case of Non-Payment*)), the Issuer will recognise as Holders only those persons who are at any time shown as accountholders in the records of Euroclear and/or Clearstream, Luxembourg as persons holding a principal amount of Capital Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Capital Securities. Accordingly, unless it is an accountholder itself, an investor cannot act directly against the Issuer and must rely upon the nominee service provider which is the accountholder with Euroclear and/or Clearstream, Luxembourg through which the investor made arrangements to invest in the Capital Securities, to forward notices received by it from Euroclear and/or Clearstream, Luxembourg, to return the investor's voting instructions or voting certificate application to Euroclear and/or Clearstream, Luxembourg or to forward the notice referred to under (c) above to the Issuer at the specified office of the Agent. Accordingly, such an investor will be exposed to the risk that the relevant nominee service provider or Euroclear and/or Clearstream, Luxembourg may fail to pass on the relevant notice to, or fail to take relevant instructions from, the investor. In addition, such a holder will only be able to trade any Capital Security held by it with the assistance of Euroclear and/or Clearstream, Luxembourg and/or the relevant nominee service provider, as the case may be.

Furthermore, should a Capital Security be accelerated in the limited circumstances described in Condition 12 (*Limited Remedies in case of Non-Payment*) (see the risk factor "F.12. *The Terms and Conditions of the Capital Securities do not provide for events of default allowing acceleration of the Capital Securities*" above) where any Capital Security is still represented by a Global Capital Security, only investors which are accountholders holding their Capital Securities so represented and credited to their account with Euroclear or Clearstream, Luxembourg, will become entitled to proceed directly against the Issuer ("**direct rights**"). Any other investors in the

Capital Securities will have to rely upon the nominee service provider which is the accountholder with Euroclear and/or Clearstream, Luxembourg through which such investor made arrangements to invest in the Capital Securities or should require such nominee service provide to transfer such direct rights to the investor.

None of the Issuer, any Joint Lead Manager or the Agent shall be responsible for the acts or omissions of any relevant nominee service provider or Euroclear or Clearstream, Luxembourg, nor makes any representation or warranty, express or implied, as to the services provided by any relevant nominee service provider or Euroclear or Clearstream, Luxembourg.

3. Tax consequences of holding the Capital Securities may be complex

Potential purchasers and sellers of the Capital Securities should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Capital Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available in relation to the tax treatment of financial instruments such as the Capital Securities. Potential investors are advised not to rely solely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Capital Securities. Only such adviser is in a position to duly consider the specific situation of the potential investor. This risk factor should be read in connection with the taxation sections of this Prospectus. See "*Taxation*" below.

4. Holders may be subject to withholding tax under FATCA

Under sections 1471-1474 of the United States Internal Revenue Code of 1986 enacted by the United States as part of the HIRE Act in March 2010 (commonly referred to as Foreign Account Tax Compliance Act, (**FATCA**), payments may be subject to withholding if the payment is either US source, or a foreign pass thru payment. The Netherlands has concluded an agreement with the United States of America to Improve International Tax Compliance and to Implement FATCA, a so-called IGA. Under this agreement, parties are committed to work together, along with other jurisdictions that have concluded an IGA, to develop a practical and effective alternative approach to achieve the FATCA objectives of foreign pass thru payments and gross proceeds withholding that minimizes burden. The Issuer is established and resident in The Netherlands and therefore benefits from this IGA.

If an amount in respect of FATCA withholding tax were to be deducted or withheld from any payments on the Capital Securities, neither the Issuer nor any paying agent would be required to pay any additional amounts as a result of the deduction or withholding of such tax. As a result, investors who are non-US financial institutions ("**FFI**") that have not entered into an FFI agreement (or otherwise established an exemption from withholding under FATCA), Holders that hold Capital Securities through such FFIs or investors that are not FFIs but have failed to provide required information or waivers to an FFI may be subject to withholding tax for which no additional amount will be paid by the Issuer. Holders should consult their own tax advisers on how these rules may apply to payments they receive under the Capital Securities.

5. Legality of purchase

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Capital Securities by a potential investor in the Capital Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that potential investor with any law, regulation or regulatory policy applicable to it. The Joint Lead Managers are also required to comply with the PI Rules and as a

result of this compliance, potential investors will be required to give the representations, warranties, agreements and undertakings as set out on page 3 of this Prospectus.

6. Legal investment considerations may restrict certain investments

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

7. An investor's actual yield on the Capital Securities may be reduced from the stated yield by transaction costs

When Capital Securities are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Capital Securities. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Capital Securities (direct costs), investors must also take into account any follow-up costs (such as custody fees). Potential investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Capital Securities before investing in the Capital Securities.

H. Risks related to the market

1. A secondary market may not develop for the Capital Securities

If the Capital Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

The Capital Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Capital Securities.

Market liquidity in hybrid financial instruments similar to the Capital Securities has historically been limited. In the event a Trigger Event occurs in relation to an Additional Tier 1 instrument or interest payments are suspended, potential price contagion and volatility to the entire asset class is possible. Any indication or perceived indication that the Issuer CET1 Ratio, is trending towards the Trigger Event, the minimum applicable CBR and/or the Maximum Distributable Amount trigger level may have an adverse effect on the market price of the Capital Securities. Similarly, any indication or perceived indication that the amount of Distributable Items available to pay interest on the Capital Securities is decreasing may have an adverse effect on the market price of the Capital Securities. Moreover, the Issuer's discretion regarding the payment of interest significantly increases uncertainty in the valuation of Additional Tier 1 instruments, this uncertainty might have a negative impact on liquidity and volatility of the Capital Securities.

Moreover, although pursuant to Condition 6.5 (*Purchases*) the Issuer can purchase Capital Securities, the Issuer is not obliged to do so and any such purchase is subject to permission by the Competent Authority and restricted in any case in the first five years after the Issue Date. Purchases made by the Issuer could affect the liquidity of the secondary market of the Capital Securities and thus the price and the conditions under which investors can negotiate these Capital Securities on the secondary market. Furthermore, the Capital Securities may trade with accrued interest, which may be reflected in the trading price of the Capital Securities. However, if a payment of interest on any interest payment date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Capital Securities will not be entitled to such interest payment on the relevant interest payment date.

In addition, investors should be aware of the prevailing and widely reported global credit market conditions, whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Capital Securities in secondary resales even if there is no decline in the performance of the Capital Securities or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Capital Securities and instruments similar to the Capital Securities at that time.

Although application has been made for the Capital Securities to be listed on the Luxembourg Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop.

2. The Capital Securities are subject to exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Capital Securities in Euro. 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 Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro 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 Euro would decrease (i) the Investor's Currency-equivalent yield on the Capital Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Capital Securities and (iii) the Investor's Currency-equivalent market value of the Capital Securities.

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

3. The price of Capital Securities is affected by changes in interest rates

Investment in the Capital Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Capital Securities.

4. The credit ratings of the Capital Securities or the Issuer may not reflect all risks

Moody's has assigned or is expected to assign an expected rating to the Capital Securities. In addition, each of S&P Global Ratings Europe Limited ("**S&P**"), Moody's and Fitch Ratings Ireland Ltd. ("**Fitch**") has assigned credit ratings to the Issuer. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Capital Securities or the standing of the Issuer. A

credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, there is no guarantee that any rating of the Capital Securities and/or the Issuer will be maintained by the Issuer following the date of this Prospectus. If any rating assigned to the Capital Securities and/or the Issuer is revised lower, suspended, withdrawn or not maintained by the Issuer, the market value of the Capital Securities may be reduced.

In addition to ratings assigned by any hired rating agencies, rating agencies not hired by the Issuer to rate the Capital Securities may assign unsolicited ratings. If any non-hired rating agency assigns an unsolicited rating to the Capital Securities, there can be no assurance that such rating will not differ from, or be lower than, the ratings provided by a hired rating agency. The decision to decline a rating assigned by a hired rating agency, the delayed publication of such rating or the assignment of a non-solicited rating by a rating agency not hired by the Issuer could adversely affect the market value and liquidity of the Capital Securities.

5. The Issuer, the Agent, the Joint Lead Managers and their affiliates may engage in transactions adversely affecting the interests of the Holders

The Agent, the Joint Lead Managers 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 the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Joint Lead Managers 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 or its affiliates. The Joint Lead Managers 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. Potential investors should be aware that the interests of the Issuer may conflict with the interests of the Holders. Moreover, investors should be aware that the Issuer, acting in whatever capacity, will not have any obligations *vis-à-vis* investors and, in particular, it will not be obliged to protect the interests of investors.

OVERVIEW

The overview below describes the principal terms of the Capital Securities and must be read as an introduction to this Prospectus. Any decision to invest in the Capital Securities should be based on a consideration of this 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 Prospectus and, in relation to the terms and conditions of the Capital Securities. Words and expressions defined in "*Terms and Conditions of the Capital Securities*" or elsewhere in this Prospectus have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.

Issuer:	de Volksbank N.V. is incorporated under Dutch law as a public limited liability company (*naamloze vennootschap*) and has its corporate seat in Utrecht and is registered with the Commercial Register of the Chamber of Commerce under number 16062330. Its registered address is Croeselaan 1, 3521 BJ Utrecht, the Netherlands. The telephone number is +31 (0)30 291 5200.
Structuring Advisor:	UBS AG London Branch
Joint Lead Managers:	Goldman Sachs Bank Europe SE, ING Bank N.V., Morgan Stanley Europe SE, Société Générale and UBS AG London Branch
The Capital Securities:	€300,000,000 Undated Green Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities
Principal Paying Agent and Agent Bank:	Banque Internationale à Luxembourg SA
Currency:	Euro
Issue Price:	100% of the Original Principal Amount of the Capital Securities
Issue Date:	15 June 2022
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities, that are specific to the Issuer and/or the Capital Securities and which are material for taking an informed investment decision. These are set out under '*Risk Factors*' of this Prospectus and include, amongst others, the fact that the Issuer's results can be adversely affected by the following categories of risk factors:

Risk factors regarding the Issuer

A. Risks related to the Issuer's financial situation;
B. Risks related to the Issuer's business activities and industry;
C. Legal and regulatory risk;
D. Internal control risk; and
E. Environmental, social and governance risks.

Risk factors regarding the Capital Securities

A. Risks related to the nature of the Capital Securities;
B. Risks related to holding of the Capital Securities; and
C. Risks related to the market.

Form: The Capital Securities are in bearer new global note ("**NGN**") form and will initially be represented by a Temporary Global Capital Security which will be deposited on the Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. The Temporary Global Capital Security will be exchangeable as described therein for a Permanent Global Capital Security not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Permanent Global Capital Security will be exchangeable for definitive Capital Securities only upon the occurrence of an Exchange Event and if permitted by applicable law, all as described in "*Form of the Capital Securities*" below. Any interest in a Global Capital Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.

Maturity Date: The Capital Securities are perpetual and have no fixed maturity date.

Denominations: €200,000 and integral multiples of €100,000 in excess thereof up to (and including) €300,000.

Status:

The Capital Securities constitute unsecured, unguaranteed and subordinated obligations of the Issuer.

Subject to exceptions provided by mandatory applicable law (including as provided pursuant to Section 212rf of the Dutch Bankruptcy Code (*Faillissementswet*)), the rights and claims (if any) of the Holders to payment under the Capital Securities of the Prevailing Principal Amount shall in the event of the liquidation or bankruptcy of the Issuer rank *pari passu* without preference among themselves and:

(a) junior to the rights and claims of creditors in respect of Senior Obligations, present and future;

(b) *pari passu* without any preference among themselves and with all rights and claims of creditors in respect of Parity Obligations, present and future; and

(c) senior only to the rights and claims of creditors in respect of Junior Obligations, present and future.

By virtue of such subordination, payments to a Holder in respect of the Prevailing Principal Amount will, in the event of the liquidation or bankruptcy of the Issuer, only be made after all Senior Obligations of the Issuer have been satisfied.

Subject to exceptions provided by mandatory and/or overriding applicable law (including as provided pursuant to Article 212rf of the Dutch Bankruptcy Code (*Faillissementswet*)), any accrued but unpaid interest (to the extent not cancelled) on any Capital Security shall in the event of the liquidation or bankruptcy of the Issuer rank above Own Funds, *pari passu* without any preference among themselves and junior to all unsubordinated rights and claims (including with respect to the repayment of borrowed money).

No Holder or Couponholder may at any time exercise or claim any right of set-off or netting in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities or Coupons.

Interest:	Subject as described under "Interest Cancellation" below, interest will accrue on the outstanding Prevailing Principal Amount of the Capital Securities on a non-cumulative basis: (a) from (and including) the Issue Date to (but excluding) 15 December 2027 (the "**First Reset Date**"), at a fixed rate of 7% per annum; and (b) from (and including) the First Reset Date and thereafter, at a fixed rate per annum reset on each Reset Date based on the prevailing Mid-Swap Rate plus 5.325%, payable semi-annually in arrear in equal instalments on 15 June and 15 December of each year.
Interest Cancellation:	The Issuer may, in its sole discretion (but subject at all times to the requirements for mandatory cancellation of interest payments), elect to cancel any interest payment (in whole or in part) which is otherwise due to be paid. Further, the Issuer shall cancel (in whole or in part, as applicable) any interest payment, including Additional Amounts thereon, where applicable, otherwise due to be paid to the extent that: (a) the payment of such interest, including Additional Amounts thereon, where applicable, when aggregated with any interest payments or distributions paid or scheduled for payment on the Capital Securities and all other own funds instruments (including any Additional Amounts in respect thereof but excluding any Tier 2 instruments) plus any principal write-ups, where applicable, would cause the amount of Distributable Items (if any) then available to the Issuer to be exceeded; or (b) the payment of such interest, including Additional Amounts thereon, where applicable, would cause, when aggregated together with other distributions of the kind referred to in Article 3:62ba Wft (implementing Article 141(2) CRD Directive), Article 3A:11b Wft (implementing Article 16a BRRD), or in any Applicable Banking Regulations plus

any principal write-ups, where applicable, the Maximum Distributable Amount (if any) then applicable to the Issuer (as the case may be) to be exceeded; or

(c) the Competent Authority orders the Issuer to cancel the payment of such interest.

Any interest (or part thereof) not paid by reason of cancellation above shall be cancelled and shall not:

(i) accumulate or be payable at any time thereafter and Holders shall have no further rights or claims in respect of any interest (or part thereof) not paid, whether in the case of bankruptcy or liquidation or the dissolution or winding up of the Issuer or otherwise;

(ii) constitute an event of default of the Issuer or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever;

(iii) entitle the Holders to any compensation or to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer; or

(iv) in any way impose restrictions on the Issuer, including (but not limited to) restricting the Issuer from making any distribution or equivalent payment in connection with Junior Obligations or Parity Obligations.

Trigger Event and Principal Write-down:

A **Trigger Event** will occur if, at any time the Issuer CET1 Ratio is less than 5.125% (on a consolidated and/or solo basis, as applicable) as determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority.

On a Trigger Event Write-down Date, the Issuer shall:

(a) irrevocably cancel all interest accrued on each Capital Security up to (and including) the Trigger Event Write-down Date (whether or not the same has become due at such time); and

(b) irrevocably reduce the then Prevailing Principal Amount of each Capital Security

by the relevant Write-down Amount (such reduction being referred to as a "**Principal Write-down**", and "**Written Down**" being construed accordingly) with effect from the Trigger Event Write-down Date, such Principal Write-down to be effected, save as may be otherwise required by Applicable Banking Regulations and/or the Competent Authority, subject to Condition 8.1(e) (*Consequences of a write-down or conversion*), *pro rata* and concurrently with the Principal Write-down of the other Capital Securities and the write-down or conversion into equity (as the case may be) of the then prevailing principal amount of any Parity Loss Absorbing Instruments.

Write-down Amount means, on any Trigger Event Write-down Date, the amount by which the then Prevailing Principal Amount of each outstanding Capital Security is to be Written Down and which is calculated per Calculation Amount of such Capital Security, being the minimum of:

(i) the amount per Calculation Amount (together with, subject to Condition 8.1(e) (*Consequences of a write-down or conversion*), the concurrent *pro rata* Principal Write-down of the other Capital Securities and the write-down or conversion into equity of the prevailing principal amount of any Parity Loss Absorbing Instruments and the prior or concurrent write down or conversion into equity of all of the outstanding principal amount of any Prior Loss Absorbing Instruments) that would be sufficient to immediately restore the Issuer CET1 Ratio to not less than 5.125%, provided that, with respect to each Prior Loss Absorbing Instrument and/or Parity Loss Absorbing Instrument (if any), such *pro rata* write down and/or conversion shall only be taken into account to the extent required to restore the Issuer CET1 Ratio contemplated above to the lower of (x) such Prior Loss Absorbing Instrument's and/or Parity Loss Absorbing Instrument's trigger level and (y) the trigger level in respect of which the relevant Trigger Event under the Capital Securities has occurred, in each case, in accordance with

the terms of the relevant instruments and the Applicable Banking Regulations; or

(ii) the amount necessary to reduce the Prevailing Principal Amount of the Capital Security to one cent.

A Principal Write-down may occur on one or more occasions and accordingly the Capital Securities may be Written Down on one or more occasions (provided, however, that the principal amount of a Capital Security shall never be reduced to below one cent).

Any Principal Write-down of the Capital Securities shall not:

(a) constitute an event of default of the Issuer or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever;

(b) constitute the occurrence of any event related to the insolvency of the Issuer or entitle the Holders to any compensation or to take any action to cause the bankruptcy (*faillissement*), liquidation (*liquidatie*), dissolution or winding up (*ontbinding en vereffening*) of the Issuer.

The Holders shall have no further rights or claims against the Issuer (whether in the case of bankruptcy (*faillissement*), liquidation (*liquidatie*) or the dissolution or winding up (*ontbinding en vereffening*) of the Issuer or otherwise) with respect to any interest cancelled and any principal Written Down (including, but not limited to, any right to receive accrued but unpaid and future interest or any right of repayment of principal, but without prejudice to their rights in respect of any reinstated principal following a Principal Write-up as described under "Principal Write-up" below).

Principal Write-up:

Subject to compliance with the Applicable Banking Regulations, if a positive Net Profit is recorded (a "**Return to Financial Health**") at any time while the Prevailing Principal Amount is less than the Original Principal Amount, the Issuer may, at its full discretion but subject to the Maximum Distributable Amount (when aggregated together with other relevant distributions) not being exceeded thereby, increase the Prevailing Principal Amount of each Capital Security (a "**Principal Write-up**") up to a

maximum of its Original Principal Amount on a *pro rata* basis with the other Capital Securities and with any other Discretionary Temporary Write-down Instruments (based on the then prevailing principal amounts thereof), provided that the Maximum Write-up Amount is not exceeded.

The "**Maximum Write-up Amount**" means the Net Profit (i) multiplied by the aggregate issued original principal amount of all Written-Down Additional Tier 1 Instruments, and (ii) divided by the Tier 1 Capital of the Issuer as at the date when the Principal Write-up is operated, both (i) and (ii) as calculated on a solo or consolidated basis (as applicable).

Statutory Loss Absorption or Recapitalisation: Capital Securities may become subject to the determination by the relevant Resolution Authority or the Issuer (following instructions from the relevant Resolution Authority) that (a) all or part of the principal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be written off or otherwise be applied to absorb losses (such loss absorption, "**Statutory Loss Absorption**"), subject to write-up by the Resolution Authority or (b) all or part of the nominal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be converted into CET1 instruments (such conversion, "**Recapitalisation**"), all as prescribed by the Applicable Resolution Framework. Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Capital Securities subject to Statutory Loss Absorption or Recapitalisation shall be written off or otherwise be applied to absorb losses or converted into CET1 instruments, as prescribed by the Applicable Resolution Framework, (ii) Holders have no further rights or claims, whether in the case of bankruptcy, liquidation or the dissolution of the Issuer or otherwise in respect of any amount written off or subject to conversion or otherwise as a result of such Statutory Loss Absorption or Recapitalisation, (iii) such Statutory Loss Absorption or Recapitalisation shall not constitute an event of default or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever and (iv) such Statutory Loss Absorption or Recapitalisation shall not constitute the occurrence of any event related to the insolvency of the Issuer or entitle the Holders to any compensation or to take any action

to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer.

Issuer Call Option: Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), the Issuer may, at its option, redeem the Capital Securities on any day falling in the period commencing on (and including) 15 June 2027 and ending on (and including) the First Reset Date or on each Interest Payment Date after the First Reset Date, in whole but not in part, at their Prevailing Principal Amount, together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

Tax Call Option: Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), if, on the occasion of the next payment due under the Capital Securities, a Tax Event has occurred, then the Issuer may, at its option, redeem the Capital Securities in whole (but not in part), at any time at their Prevailing Principal Amount together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

The Competent Authority may only permit the Issuer to redeem the Capital Securities before the fifth anniversary of the Issue Date on the occurrence of a Tax Event if, without prejudice to Condition 6.6 (*Conditions for Redemption and Purchase*), the Tax Event constitutes a change in the applicable tax treatment of the Capital Securities and the Issuer demonstrates to the satisfaction of the Competent Authority that such change is material and was not reasonably foreseeable at the time of their issuance.

Tax Event has the meaning given in Condition 6.3 (*Redemption for Taxation Reasons*).

Regulatory Call Option: Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), the Issuer may at its option redeem the Capital Securities (in whole but not in part), at any time at their Prevailing Principal Amount, together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of

redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

The Competent Authority may only permit the Issuer to redeem the Capital Securities before the fifth anniversary of the Issue Date on the occurrence of a Capital Event if, without prejudice to Condition 6.6 (*Conditions for Redemption and Purchase*), the Competent Authority considers the Capital Event sufficiently certain and the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of their issuance.

A **Capital Event** shall occur if there is a change in the regulatory classification of the Capital Securities that has resulted or would be likely to result in the Capital Securities being excluded, in whole or in part, from the Additional Tier 1 Capital of the Issuer or reclassified as own funds of lower quality of the Issuer (in each case on a consolidated and/or solo basis, as applicable), which change in regulatory classification (or reclassification) becomes effective on or after the Issue Date. For the avoidance of doubt, a Capital Event shall not be deemed to have occurred in case of a partial exclusion of the Capital Securities as a result of (i) a Principal Write-down or (ii) a change in the regulatory assessment of the tax effects of a Principal Write-down.

Conditions for Redemption and Purchase:

Any optional redemption of Capital Securities and any purchase of Capital Securities is, *inter alia*, subject to:

(a) the Competent Authority having given its prior written permission to such redemption or purchase;

(b) the Issuer having demonstrated to the satisfaction of the Competent Authority that the Issuer complies with Article 78 CRR (or any equivalent or substitute provision under Applicable Banking Regulations), which may include (a) the replacement of the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer or, save in the case of Condition 6.5, (b) that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum own funds

requirements (including any applicable buffer requirements) by a margin that the Competent Authority considers necessary at such time;

(c) notwithstanding the above conditions, if, at the time of such redemption or purchase, the prevailing Applicable Banking Regulations permit the repayment or purchase only after compliance with one or more alternative or additional pre-conditions to those set out in this Condition 6.6(a), the Issuer shall comply with such other and/or (as appropriate) additional pre-condition(s).

Following the occurrence of a Principal Write-down, the Issuer shall not be entitled to redeem the Capital Securities pursuant to Condition 6.2 (*Redemption at the Option of the Issuer*) until the principal amount of the Capital Securities is increased up to their Original Principal Amount pursuant to Condition 8.2 (*Principal Write-up*) (and any notice of redemption which has been given in such circumstances shall be automatically rescinded and shall be of no force and effect).

Taxation: All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Capital Securities will be made without withholding or deducting taxes of The Netherlands, unless such withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Holders receiving such amounts of interest as they would have received in respect of the Capital Securities had no such withholding been required, subject to certain exceptions, as provided in Condition 10 (*Taxation*).

Substitution and Variation: The Issuer may if a Capital Event or a Tax Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption or Recapitalisation*), subject to compliance with any conditions prescribed under Applicable Banking Regulations, including the prior permission of the Competent Authority (if required), at its option, without any requirement for the consent or approval of the Holders, substitute all (but not some only) of the Capital Securities or vary the terms of all (but not some only) of the Capital Securities provided that

they remain or, as appropriate, become compliant with CRD or such other regulatory capital rules applicable to the Issuer at the relevant time and that such substitution or variation shall not result in terms that are materially less favourable to the Holders, other than in respect of the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption or Recapitalisation*) (as reasonably determined by the Issuer).

Following such variation or substitution the resulting securities must have at least, *inter alia*, the same ranking, interest rate, interest payment dates, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Capital Securities.

Purchases:

The Issuer may at its option, subject to Condition 6.6 (*Conditions for Redemption and Purchase*) (as applicable), at any time purchase Capital Securities in the open market or otherwise and at any price, save that any such purchase may only take place within five years after the Issue Date subject to, if and to the extent then required by Applicable Banking Regulations at the relevant time, (i) the Issuer having before or at the same time as such purchase, replaced the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority having permitted such purchase on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (ii) the Capital Securities being purchased for market making purposes in accordance with Applicable Banking Regulations. Such Capital Securities may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

However, the Issuer or any agent on its behalf shall have the right at all times to purchase the Capital Securities for market-making purposes, provided that (a) prior written approval of the Competent Authority shall be obtained where required and (b) the total principal amount of the Capital Securities so purchased does not exceed the predetermined amount permitted to be purchased for market-making purposes under Applicable Banking Regulations (such predetermined amount not to exceed the limits set forth in Article 29(3)(b) of Commission Delegated Regulation (EU) 241/2014)).

Limited remedies:

Any failure by the Issuer to pay interest or the Prevailing Principal Amount when due in respect of the Capital Securities shall not constitute an event of default and does not give Holders any right to demand repayment of the Prevailing Principal Amount.

If any of the following events shall have occurred and be continuing:

(a) the Issuer is declared bankrupt (*failliet*); or

(b) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Capital Securities,

then any Holder may declare its Capital Securities to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Prevailing Principal Amount and any accrued but unpaid interest from the previous Interest Payment Date up to (but excluding) the date of repayment (unless cancelled or deemed cancelled) provided that repayment of Capital Securities will only be effected after the Issuer has obtained the prior written permission of the Competent Authority (provided that at the relevant time such permission is required).

No other remedy against the Issuer shall be available to the Holders, whether for recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its obligations under or in respect of the Capital Securities.

Indicative overview of the ranking of Capital Securities in bankruptcy and resolution:

For illustration purposes only, below is a non-exhaustive tabular overview of the ranking of the Prevailing Principal Amount of the Capital Securities among each other and relative to possible obligations of the Issuer that may rank senior or junior to the Capital Securities. This overview does not address differences in ranking within classes, contractual or non-contractual deviations and other exceptions. The fact that reference is made to certain types of notes and/or securities in the overview below does not

necessarily entail that such notes have been issued by the Issuer and are currently outstanding.

Ranking in bankruptcy[1]
Obligations preferred by mandatory and/or overriding provisions of law[2]
Senior debt (such as senior preferred notes)
Senior non-preferred debt (such as senior son-preferred notes)
Subordinated debt (such as subordinated notes not (or no longer) being Tier 2 notes or AT1 instruments
Tier 2 (such as Tier 2 notes)
AT1 (such as the Capital Securities at issuance)
CET1
Ranking in resolution[3]
CET1
AT1 (such as the Capital Securities at issuance)
Tier 2 (such as Tier 2 notes)
Subordinated debt (such as subordinated notes not (or no longer) being Tier 2 notes or AT1 instruments)
Senior non-preferred debt (such as senior non-preferred notes)
Senior debt (such as senior preferred notes)
Obligations preferred by mandatory and/or overriding provisions of law[4]

Meetings of Holders and Modification: The Agency Agreement contains provisions for convening meetings of the Holders to consider matters relating to the Capital Securities, including the sanctioning by an Extraordinary Resolution of a modification of the Capital Securities or certain provisions of the Agency Agreement.

Subject to obtaining the permission therefore from the Competent Authority if so required, the Agent

1 Subject to certain exceptions, see the section "*Risk Factors – 'The principal amount of the Capital Securities may be reduced (Written Down) to absorb losses)*".

2 For example, including DGS-deposit obligations and obligations to tax authorities and secured creditors.

3 In case Bail-in tool is applied. Subject to certain exceptions, see the section "*Risk Factors – 'Write-down and conversion of capital instruments and Resolution Event')*".

4 For example, including DGS-deposit obligations and obligations to tax authorities and secured creditors.

	and the Issuer may agree, without the consent of the Holders, to: (a) any modification (except as mentioned above) of the Agency Agreement which is not, in the sole opinion of the Issuer, materially prejudicial to the interests of the Holders; or (b) any modification of the Capital Securities or the Agency Agreement which is, in the sole opinion of the Issuer (acting reasonably, of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law or as a result of the operation of a benchmark replacement in accordance with Condition 4.1(d).
Governing Law:	The Capital Securities and the Agency Agreement will be governed by, and construed in accordance with, Dutch law.
Ratings:	The Capital Securities are expected to be rated by Moody's. Moody's is established in the European Union and is registered under the CRA Regulation. A 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.
Approval, Listing and Admission to Trading:	Application has been made to the AFM to approve this document as a prospectus and for the Capital Securities to be listed on the Luxembourg Stock Exchange.
Selling Restrictions:	There are selling restrictions in relation to the United Kingdom, the United States, Japan and the EEA, see "*Subscription and Sale*" below. The Issuer is Category 2 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended. The TEFRA D Rules shall apply.
Use of Proceeds	The Issuer will apply the net proceeds from the issue of the Capital Securities specifically for projects and activities that promote climate and other environmental purposes, in accordance with de Volksbank's Green Bond Framework. Also see "*Use of Proceeds*" below.
Clearing Systems:	Euroclear and Clearstream, Luxembourg

ISIN:	XS2454874285
Common Code:	245487428
FISN:	DE VOLKSBANK N./7 BD PERP REGS
CFI:	DBFXFB

CERTAIN NOTICES TO INVESTORS

The Capital Securities are complex instruments that may not be suitable for all investors

The Capital Securities may not be suitable for all investors. Each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor, either on its own or with the help of its financial and other professional advisers, should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Issuer and the Capital Securities, the merits and risks of investing in the Capital Securities (including an evaluation of the financial condition, creditworthiness and affairs of the Issuer) and the information contained or incorporated by reference in this Prospectus and any supplements;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact such investment 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 Capital Securities, including where the currency for payments in respect of the Capital Securities is different from the potential investor's currency and including the possibility that the entire principal amount of the Capital Securities could be lost;

(iv) understand thoroughly the terms of the Capital Securities, including the provisions relating to the payment and cancellation of interest and any write-down of the Capital Securities, and be familiar with the behaviour of any relevant indices and the financial markets in which they participate; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks (including, without limitation, those described in 'Risk Factors' in this Prospectus).

The Capital Securities are complex financial instruments making it difficult to compare them with other similar financial instruments due to a lack of fully harmonised structures, trigger points and loss absorption or recapitalisation. A potential investor should not invest in the Capital Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, the likelihood of a Principal Write-down, reaching the point of non-viability or cancellation of coupons, the resulting effects on the value of the Capital Securities, and the impact of this investment on the potential investor's overall investment portfolio. These risks may be difficult to evaluate given their discretionary or unknown nature.

The Issuer accepts responsibility for the information contained in this Prospectus. The Issuer declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

Furthermore, none of the Issuer, the Structuring Advisor or any Joint Lead Manager, the Agent shall be responsible for the acts or omissions of any relevant nominee service provider or clearing system nor makes any representation or warranty, express or implied, as to the services provided by any relevant nominee service provider or clearing system.

This Prospectus is to be read in conjunction with all the documents which are 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 Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) The Issuer's publicly available financial statements and auditor's report for the year ended 31 December 2021 (set forth on pages 145 up to and including 210 (financial statements) and pages 215 up to and including 223 (auditor's report) of its 2021 annual report (English translation)), which can also be obtained from: https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-N.V.-Annual-Report-2021.pdf;

(b) The Issuer's publicly available financial statements and auditor's report for the year ended 31 December 2020 (set forth on pages 127 up to and including 190 (financial statements) and pages 195 up to and including 202 (auditor's report) of its 2020 annual report (English translation)), which can also be obtained from: https://www.devolksbank.nl/assets/files/jaarcijfers/de-Volksbank-N.V.-Annual-Report-2020.pdf;

(c) The Issuer's articles of association as per the date of approval of this Prospectus (in the original Dutch language version as well as in English translation) which can also be obtained from https://www.devolksbank.nl/assets/files/Articles-of-Association-of-de-Volksbank-N.V.PDF;

(d) A press release published by the Issuer on 16 July 2020 regarding the issue of €500 million of subordinated Tier 2 green bonds, which can also be obtained from: https://www.devolksbank.nl/assets/files/Duurzaam-ondernemen/Beleidsstukken/Press-release-De-Volksbank-first-bank-in-Europe-to-successfully-issue-subordinated-Tier-2-green-bonds.pdf;

(e) press release published by the Issuer on 12 February 2021 regarding the Issuer's strategy for the period 2021-2025, which can also be obtained from: https://newsroom.devolksbank.nl/download/1115626/press-release-de-volksbank-strategic-plan-2021-2025.pdf;

(f) The Issuer's publicly available Environmental, Social and Governance Report 2021 for the year ended 31 December 2021, which can also be obtained from https://www.devolksbank.nl/assets/files/jaarcijfers/De-Volksbank-Environmental-Social-and-Governance-Report-2021.pdf; and

(g) A press release published by the Issuer on 21 April 2021 regarding the decisions of the general meeting of shareholders held on 21 April 2021, which can also be obtained from: https://newsroom.devolksbank.nl/download/1114448/press-release-shareholdersmeeting-de-volksbank-of-21-april-2021.pdf.

These documents can be obtained without charge at the offices of the Issuer (Croeselaan 1, 3521 BJ Utrecht, the Netherlands, de Volksbank Investor relations, tel: +31 30 2914246/ +31 30 2914807, jacob.bosscha@devolksbank.nl and davey.hak@devolksbank.nl) and the Agent (Banque Internationale à Luxembourg SA, 69 Route d'Esch, L-2953 Luxembourg, Luxembourg, Transaction Execution Group, tel: +352 4590 1, each as set out at the end of this Prospectus. In

addition all these documents and this Prospectus are available on the Issuer's website at https://www.devolksbank.nl/investor-relations/debt-informatie/additional-tier-1-notes.

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

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

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

Introduction

The €300,000,000 Undated Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities (the "**Capital Securities**", which expression shall in these Terms and Conditions (the "**Conditions**"), unless the context otherwise requires, include any further capital securities issued pursuant to Condition 18 (*Further Issues*) and forming a single series with the Capital Securities) of de Volksbank N.V. (the "**Issuer**", which expression shall include any substituted debtor or transferee pursuant to Condition 9 (*Statutory Loss Absorption or Recapitalisation*)) have the benefit of an agency agreement dated the Issue Date (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer, Banque Internationale à Luxembourg SA as principal paying agent and agent bank (in such capacity the "**Agent**" which expression shall include any successor Agent) and any other paying agents appointed pursuant to the Agency Agreement (together with the Agent, the "**Paying Agents**", which expression shall include any successor or additional paying agent appointed from time to time in connection with the Capital Securities).

References herein to the Capital Securities shall mean (i) in relation to any Capital Securities represented by a global Capital Security (a "**Global Capital Security**"), units of the lowest specified denomination, (ii) definitive Capital Securities issued in exchange (or part exchange) for a Global Capital Security and (iii) any Global Capital Security.

Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Any reference herein to **Holders** shall mean the holders of the Capital Securities, and shall, in relation to any Capital Securities represented by a Global Capital Security, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons (as defined below), and shall, unless the context otherwise requires, include the holders of the Talons (as defined below).

Copies of the Agency Agreement are available for viewing at the Specified Offices (as defined in the Agency Agreement) during normal business hours of each of the Agent and the other Paying Agents, the original Specified Offices of which are set out below, and at the registered offices of the Issuer and of the Agent and copies may be obtained from those offices. The Holders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement which are binding on them.

Words and expressions defined in the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

1. Definitions

In these Conditions:

Accounting Currency means euro or such other primary currency used in the presentation of the Issuer's accounts from time to time.

Accrual Period has the meaning given in Condition 4.1(f).

Additional Amounts has the meaning given in Condition 10.1.

Additional Tier 1 Capital means the additional tier 1 capital of the Issuer within the meaning of Chapter 3 (*Additional Tier 1 capital*) of Title I (*Elements of own funds*) of Part Two (*Own Funds*) of CRR, as implemented and/or applicable in The Netherlands, and/or any such equivalent or substitute term under Applicable Banking Regulations, including any applicable transitional, phasing in or similar provisions.

Adjustment Spread means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines is required to be applied to the Replacement Reference Rate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Reference Rate or the Mid-Swap Rate (as applicable) with the Replacement Reference Rate and is the spread, formula or methodology which:

(a) is formally recommended in relation to the replacement of the Reference Rate or the Mid-Swap Rate (as applicable) with the Replacement Reference Rate by any Competent Authority; or (if no such recommendation has been made)

(b) the Issuer determines, following consultation with the Independent Adviser (if appointed) and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate or the Mid-Swap Rate (as applicable), where such rate has been replaced by the Replacement Reference Rate; or (if the Issuer determines that no such industry accepted standard is recognised or acknowledged); and

(c) the Issuer, in its discretion, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines to be appropriate.

Alternative Screen Page has the meaning given in Condition 4.1(d).

Applicable Banking Regulations means at any time, the laws, regulations, rules, requirements, standards, guidelines and policies relating to capital adequacy applicable to the Issuer including, without limitation to the generality of the foregoing, those regulations, rules, requirements, standards, guidelines and policies relating to capital adequacy and resolution then in effect of the Competent Authority (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer) at such time (and, for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRD, the CRR, the SRMR and BRRD).

Applicable Resolution Framework means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of BRRD or any other resolution or recovery rules which may from time to time be applicable to the Issuer, including SRMR.

Benchmark Event means:

(a) the Reference Rate or Mid-Swap Rate (as applicable) has ceased to be representative or an industry accepted rate for debt market instruments (as determined by the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith) such as, or comparable to, the Capital Securities; or

(b) it has become unlawful or otherwise prohibited (including, without limitation, for the Agent) pursuant to any law, regulation or instruction from a Competent Authority, to calculate any payments due to be made to any Holder, Receiptholder or Couponholder using the Reference Rate or Mid-Swap Rate (as applicable) or otherwise make use of the Reference Rate or Mid-Swap Rate (as applicable) with respect to the Capital Securities; or

(c) the Reference Rate or Mid-Swap Rate (as applicable) has changed materially, ceased to be published for a period of at least five Business Days or ceased to exist; or

(d) a public statement is made by the administrator of the Reference Rate or Mid-Swap Rate (as applicable) or its supervisor that the Reference Rate or Mid-Swap Rate (as applicable) will, by a specified date within the following six months, be changed materially, no longer be representative, cease to be published, be discontinued or be prohibited from being used or that its use will be subject to restrictions or adverse consequences or that contributors are no longer required by that supervisor to contribute input data to the administrator for purposes of the Reference Rate or Mid-Swap Rate (as applicable) (for the avoidance of doubt, in case the specified date lies more than six months after the date the public statement is made, this event will be deemed to occur as of the date such specified date lies within the following six months); or

(e) a public statement is made by the administrator of the Reference Rate or Mid-Swap Rate (as applicable) or its supervisor that the Reference Rate or Mid-Swap Rate (as applicable) has changed materially, is no longer representative, has ceased to be published, is discontinued or is prohibited from being used or that its use is subject to restrictions or adverse consequences or that the supervisor no longer requires contributors to contribute input data to the administrator for purposes of the Reference Rate or Mid-Swap Rate (as applicable).

BRRD means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (as amended from time to time, including by Directive (EU) 2019/879).

Business Day means:

(a) a day on which (a) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam and (b) the TARGET System is operating; and

(b) in the case of Condition 5(f) only, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account, on which the TARGET System is open, provided that so long as the Global Securities are represented by a Global Capital Security held on behalf of the Securities Settlement System, Business Day means any day on which the TARGET System is open.

Calculation Amount means, initially €100,000 in principal amount of each Capital Security, or, following adjustment (if any) downwards or upwards to Condition 8 (*Principal Write-down and Principal Write-up*), the amount resulting from such adjustment.

Capital Event has the meaning given in Condition 6.4 (*Redemption upon a Capital Event*).

Capital Securities has the meaning given in the Introduction.

CET1 Capital means the common equity tier 1 capital of the Issuer, expressed in the Accounting Currency, as calculated by the Issuer on a consolidated and/or solo basis (as applicable) in accordance with Chapter 2 (*Common Equity Tier 1 capital*) of Title I (*Elements of own funds*) of Part Two (*Own Funds*) of CRR, as implemented and/or applicable in The Netherlands, and/or any such equivalent or substitute calculation or term under Applicable Banking Regulations, including any applicable transitional, phasing in or similar provisions.

Competent Authority means the ECB, the DNB and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, as determined by the Issuer and/or the relevant Resolution Authority.

Coupon has the meaning given in Condition 2 (*Form, Denomination and Title*).

Couponholders has the meaning given in the Introduction.

CRD means any, or any combination of, the CRD Directive, the CRR, and any CRD Implementing Measures.

CRD Directive means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended from time to time, including by Directive (EU) 2019/878) or such other directive as may come into effect in place thereof.

CRD Implementing Measures means any regulatory capital rules implementing the CRD Directive or CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards or implementing technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Competent Authority, European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a consolidated and/or solo basis, as applicable).

CRR means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended from time to time, including by Regulation (EU) 2019/876 and Regulation (EU) 2020/873) or such other regulation as may come into effect in place thereof.

Discretionary Temporary Write-down Instruments means, at any time, any instrument (other than the Capital Securities and Junior Obligations) issued directly or indirectly by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of

the Issuer (on a consolidated and/or solo basis, as applicable), (b) has had all or some of its principal amount written-down and (c) has terms providing for a write-up or reinstatement of its principal amount, at the relevant issuer's discretion, upon reporting a net profit.

Distributable Items has the meaning given in Condition 4.2(b).

DNB means the Dutch Central Bank (*De Nederlandsche Bank N.V.*).

ECB means the European Central Bank.

euro or **€** means 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.

Extraordinary Resolution means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained by a majority consisting of not less than 75% of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% of the votes given on such poll.

Financial Year means the financial year of the Issuer (being the one-year period in respect of which it prepares annual audited financial statements) from time to time, which as at the Issue Date runs from (and including) 1 January in one calendar year to (but excluding) the same date in the immediately following calendar year.

First Reset Date means 15 December 2027.

Foreign Currency Instruments has the meaning given in Condition 8.3 (*Foreign Currency Instruments*).

Global Capital Security has the meaning given in the Introduction.

Holder has the meaning given in the Introduction and Condition 2 (*Form, Denomination and Title*).

IA Determination Cut-off Date has the meaning given in Condition 4.1(d)(i).

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise as reasonably determined by the Issuer in its sole discretion.

Initial Period means the period from (and including) the Issue Date to (but excluding) the First Reset Date.

Initial Rate of Interest means 7% per annum.

Interest Payment Date means 15 June and 15 December in each year from (and including) 15 December 2022.

Interest Period means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

Issue Date means 15 June 2022.

Issuer CET1 Ratio means, at any time, the ratio of CET1 Capital of the Issuer to the total risk exposure amount (as referred to in Article 92(2)(a) CRR) of the Issuer, expressed as a percentage, all as calculated on (i) a consolidated basis and (ii) a solo basis (as applicable).

Junior Obligations means the Ordinary Shares, all other classes of share capital of the Issuer.

Loss Absorbing Instruments means the Parity Loss Absorbing Instruments and the Prior Loss Absorbing Instruments.

Mandatory Cancellation of Interest has the meaning given in Condition 4.2(b).

Margin means 5.325%.

Maximum Distributable Amount has the meaning given in Condition 4.2(b).

Maximum Write-up Amount has the meaning given in Condition 8.2(c).

Mid-Swap Rate means, in relation to a Reset Period and the Reset Rate of Interest Determination Date in respect of such Reset Period:

(a) the mid-swap rate for euro swaps with a term of 5 years which appears on the Screen Page as of 11:00 a.m. (Central European time) on such Reset Rate of Interest Determination Date; or

(b) if such rate does not appear on the Screen Page at such time on such Reset Rate of Interest Determination Date, the Reset Reference Bank Rate on such Reset Rate of Interest Determination Date.

Mid-Swap Rate Quotations means the arithmetic mean of the bid and ask rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which:

(a) has a term of 5 years commencing on the relevant Reset Date;

(b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and

(c) has a floating leg based on six-month EURIBOR (calculated on an Actual/360 day count basis).

Net Profit means the lower of the net profit of the Issuer as calculated on a solo and consolidated basis, as applicable and as set out in the last audited annual consolidated accounts of the Issuer adopted by the Issuer's general meeting (or such other means of communication as determined by the Issuer).

Optional Cancellation of Interest has the meaning given in Condition 4.2(a).

Ordinary Shares means ordinary shares of the Issuer or depository receipts issued in respect of such Ordinary Shares as the context may require.

Original Principal Amount means, in respect of a Capital Security at any time the principal amount (which, for these purposes, is equal to the nominal amount) of such Capital Security at the Issue Date without having regard to any subsequent Principal Write-down or Principal Write-up pursuant to Condition 8 (*Principal Write-down and Principal Write-up*).

"**Own Funds**" has the meaning ascribed thereto (or to any equivalent term) in the Applicable Banking Regulations.

Parity Loss Absorbing Instruments means, at any time, any instrument (other than the Capital Securities and Junior Obligations) issued by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer (on a consolidated and/or solo basis, as applicable), (b) has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions) and (c) has an identical trigger level as the Capital Securities.

Parity Obligations means any obligations of the Issuer in respect of the available principal amount of any other capital securities qualifying, in whole or in part, as Additional Tier 1 Capital.

Prevailing Principal Amount means, in respect of a Capital Security at any time, the Original Principal Amount of such Capital Security as reduced by any Principal Write-down of such Capital Security at or prior to such time pursuant to Condition 8 (*Principal Write-down and Principal Write-up*) (on one or more occasions) and, if applicable following any Principal Write-down, as subsequently increased by any Principal Write-up of such Capital Security (on one or more occasions) at or prior to such time pursuant to Condition 8 (*Principal Write-down and Principal Write-up*).

Principal Write-down has the meaning given in Condition 8.1 (*Principal Write-down*).

Principal Write-up has the meaning given in Condition 8.2 (*Principal Write-up*).

Principal Write-up Amount means, on any Principal Write-up, the amount by which the then Prevailing Principal Amount is to be written-up and which is calculated per Calculation Amount.

Prior Loss Absorbing Instruments means, at any time, any instrument issued by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer and (b) has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, the Issuer CET1 Ratio falling below a level that is higher than 5.125%. As at the Issue Date, there are no Prior Loss Absorbing Instruments outstanding.

Rate of Interest means:

(a) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest; or

(b) in the case of each Interest Period which commences on or after the First Reset Date, the sum, converted from an annual basis to a semi-annual basis, of (A) the Reset Rate of Interest applicable to the Reset Period in which that Interest Period

falls and (B) the Margin as determined by the Agent in accordance with Condition 4 (*Interest and interest cancellation*).

The current market convention for semi-annual rate conversion from an annual rate is as follows:

$$2 \times \left(\sqrt{\text{Mid} - \text{Swap Rate} + \text{Margin} + 1} - 1\right)$$

Recapitalisation has the meaning given in Condition 9 (*Statutory Loss Absorption or Recapitalisation*).

Reference Rate means either (i) the six-month EURIBOR rate or (ii) any Replacement Reference Rate which replaces the References Rate pursuant to the operation of Condition 4.1(d).

Replacement Reference Rate has the meaning given in Condition 4.1(d).

Reset Date means the First Reset Date and each date which falls five, or an integral multiple of five, years after the First Reset Date.

Reset Period means each period from (and including) a Reset Date to (but excluding) the next Reset Date.

Reset Rate of Interest means, in respect of any Reset Period, the Mid-Swap Rate determined on the Reset Rate of Interest Determination Date applicable to such Reset Period, as determined by the Agent.

Reset Rate of Interest Determination Date means, in respect of the determination of the Reset Rate of Interest applicable during any Reset Period, the calendar day falling two Business Days prior to the Reset Date on which such Reset Period commences.

Reset Reference Bank Rate means, with respect to a Reset Rate of Interest Determination Date, the percentage rate determined on the basis of the Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Agent at approximately 11:00 a.m. (Central European time) on such Reset Rate of Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be the Mid-Swap Rate that appeared on the most recent Screen Page that was available.

Reset Reference Banks means six leading swap dealers in the interbank market selected by the Issuer.

Resolution Authority means the European Single Resolution Board, the ECB, the DNB or such other regulatory authority or governmental body having the power to impose Statutory Loss Absorption or Recapitalisation on the Capital Securities pursuant to the Applicable Resolution Framework.

Return to Financial Health has the meaning given in Condition 8.2(a).

Screen Page means Reuters screen "ICESWAP2" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the relevant Mid-Swap Rate or the Alternative Screen Page, as the case may be, as determined in accordance with Condition 4.1(d).

Securities Settlement System has the meaning given in Condition 2 (*Form, Denomination and Title*).

Senior Obligations means (a) the rights and claims of depositors (other than in respect of those whose deposits rank equally to or lower than the Capital Securities, if any), (b) all unsubordinated rights and claims (including with respect to the repayment of borrowed money), (c) all subordinated rights and claims against the Issuer (including but not limited to obligations qualifying as Tier 2 capital under Applicable Banking Regulations) and (d) excluded liabilities of the Issuer pursuant to Article 72(a)2 of the CRR, other than (i) Parity Obligations and (ii) Junior Obligations.

SRMR means Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, including by Regulation (EU) 2019/877).

Statutory Loss Absorption has the meaning given in Condition 9 (*Statutory Loss Absorption or Recapitalisation*).

Talon has the meaning given in Condition 2 (*Form, Denomination and Title*).

TARGET System means the Trans-European Automated Real-time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

Tax Event has the meaning given in Condition 6.3 (*Redemption for Taxation Reasons*).

Tier 1 Capital means the tier 1 capital of the Issuer, as calculated by the Issuer on a consolidated and/or solo basis (as applicable) in accordance with Chapters 1 (*Tier 1 capital*), 2 (*Common Equity Tier 1 capital*) and 3 (*Additional Tier 1 capital*) of Title I (*Elements of own funds*) of Part Two (*Own Funds*) of CRR, as implemented and/or applicable in The Netherlands, and/or any such equivalent or substitute calculation or term under Applicable Banking Regulations, including any applicable transitional, phasing in or similar provisions.

A **Trigger Event** will occur if, at any time, the Issuer CET1 Ratio is less than 5.125% as determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority. A Trigger Event determined on a consolidated basis will be applicable at any time, whereas a Trigger Event determined on a solo basis will only be applicable if the Issuer should in the future pursuant to the Applicable Banking Regulations or administrative order be required to comply with the prudential requirements on a solo basis as well and, for this purpose, determine the Issuer CET1 Ratio on a solo basis.

Trigger Event Write-down Date has the meaning given in Condition 8.1(a).

Trigger Event Write-down Notice has the meaning given in Condition 8.1(b).

Wft means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) as amended from time to time.

Write-down Amount has the meaning given in Condition 8.1(d).

Written-Down Additional Tier 1 Instrument means, at any time, any instrument (including the Capital Securities) issued by the Issuer which qualifies as Additional Tier 1 Capital of the Issuer on a consolidated and/or solo basis (as applicable) and which, immediately prior to the relevant Principal Write-up of the Capital Securities at that time, has a prevailing principal amount that, due to it having been written down, is lower than the original principal amount it was issued with.

In these Conditions reference to (i) any provisions of law or regulation shall be deemed to include reference to any successor law or regulation, (ii) solo basis shall be to the level of solvency supervision within the meaning of Article 6 CRR and (iii) consolidated basis shall be to the level of solvency supervision within the meaning of Article 11 CRR.

2. Form, Denomination and Title

The Capital Securities are in bearer form and, in the case of definitive Capital Securities, serially numbered and with interest coupons ("**Coupons**") and talons for further Coupons ("**Talons**") attached.

Subject as set out below, title to the Capital Securities and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and the Paying Agents may deem and treat the bearer of any Capital Security or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Capital Security, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Capital Securities is represented by a Global Capital Security held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**" and together with Euroclear; the "**Securities Settlement System**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of the Securities Settlement System as the holder of a particular nominal amount of such Capital Securities (in which regard any certificate or other document issued by the Securities Settlement System as to the nominal amount of Capital Securities 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 the Paying Agents as the holder of such nominal amount of such Capital Securities for all purposes other than with respect to the payment of principal or interest on the Capital Securities, for which purpose the bearer of the relevant Global Capital Security shall be treated by the Issuer and the Paying Agents as the holder of such Capital Securities in accordance with and subject to the terms of the relevant Global Capital Security (and the expression "**Holder**" and related expressions shall be construed accordingly). Capital Securities which are represented by a Global Capital Security held by a common depositary or a common safekeeper for the Securities Settlement System will be transferable only in accordance with the rules and procedures for the time being of the Securities Settlement System.

The Capital Securities are issued in denominations of €200,000 and integral multiples of €100,000 in excess thereof up to (and including) €300,000 and can only be settled through the Securities Settlement System in nominal amounts equal to a whole denomination (or a whole multiple thereof).

3. Status of the Capital Securities

3.1 Status

The Capital Securities and Coupons (including any accrued interest or damages awarded for breach of any obligations under these Conditions, if any are payable) constitute unsecured, unguaranteed and subordinated obligations of the Issuer. The rights and claims of the Holders and Couponholders are subordinated as described in Condition 3.2 (*Subordination*).

3.2 Subordination

Subject to exceptions provided by mandatory applicable law (including as provided pursuant to Section 212rf of the Dutch Bankruptcy Code (*Faillissementswet*)), the rights and claims (if any) of the Holders to payment under the Capital Securities in respect of the Prevailing Principal Amount shall in the event of the liquidation or bankruptcy of the Issuer rank *pari passu* without preference among themselves and:

(i) junior to the rights and claims of creditors in respect of Senior Obligations, present and future;

(ii) *pari passu* without any preference among themselves and with all rights and claims of creditors in respect of Parity Obligations, present and future; and

(iii) senior only to the rights and claims of creditors in respect of Junior Obligations, present and future.

By virtue of such subordination, payments to a Holder in respect of the Prevailing Principal Amount will, in the event of the liquidation or bankruptcy of the Issuer, only be made after all Senior Obligations of the Issuer have been satisfied.

Subject to exceptions provided by mandatory and/or overriding applicable law (including as provided pursuant to Article 212rf of the Dutch Bankruptcy Code (*Faillissementswet*)), any accrued but unpaid interest (to the extent not cancelled in accordance with these Conditions) on any Capital Security shall in the event of the liquidation or bankruptcy of the Issuer rank above Own Funds, *pari passu* without any preference among themselves and junior to all unsubordinated rights and claims (including with respect to the repayment of borrowed money).

3.3 No set-off or netting

No Holder or Couponholder may at any time exercise or claim any right of set-off or netting in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities or Coupons. To the extent that any Holder or Couponholder nevertheless claims a right of set-off or netting in respect of any such amount, whether by operation of law or otherwise, and irrespective of whether the set-off or netting is effective under any applicable law, such Holder or Couponholder is required to immediately transfer to the Issuer an amount equal to the amount which purportedly has been set off or netted (such a transfer, a "**Set-off Repayment**") and no rights can be

derived from the relevant Capital Securities or Coupons until the Issuer has received in full the relevant Set-off Repayment. Irrespective of any other set-off or netting agreement providing otherwise, the possibility or impossibility of any set-off or netting by a Holder or Couponholder shall be exclusively governed by Dutch law.

4. Interest and interest cancellation

4.1 Interest

(a) *Interest rate and Interest Payment Dates*

The Capital Securities bear interest on their outstanding Prevailing Principal Amount at the applicable Rate of Interest from (and including) the Issue Date. Subject to cancellation of any interest payment (in whole or in part) pursuant to Condition 4.2 (*Interest cancellation*) or Condition 8 (*Principal Write-down and Principal Write-up*), interest shall be payable semi-annually in arrear in equal instalments on each Interest Payment Date.

The amount of interest per €100,000 in Original Principal Amount payable on the Interest Payment Date in respect of each Interest Period commencing before the First Reset Date, provided there is no Principal Write-down pursuant to Condition 8 (*Principal Write-down and Principal Write-up*) and subject to any cancellation of interest (in whole or in part) pursuant to Condition 4.2 (*Interest cancellation*), will be €3,500.

The Rate of Interest for each Interest Period commencing on or after the First Reset Date will be the Reset Rate of Interest applicable to the Reset Period during which such Interest Period falls plus the Margin, converted from an annual basis to a semi-annual basis in accordance with market conventions, all as determined by the Agent. The Agent will, as soon as practicable after 11:00 a.m. (Central European time) on each Reset Rate of Interest Determination Date, determine the applicable Reset Rate of Interest.

(b) *Interest Accrual*

Subject always to Condition 8 (*Principal Write-down and Principal Write-up*) and to cancellation of interest (in whole or in part) pursuant to Condition 4.2 (*Interest cancellation*), each Capital Security will cease to bear interest from and including its due date for redemption.

(c) *Publication of Reset Rate of Interest and amount of interest*

The Agent will cause each Reset Rate of Interest and the amount of interest payable per Calculation Amount for each Reset Period commencing on or after the First Reset Date determined by it to be notified to each listing authority and/or stock exchange (or listing agent as the case may be) by which the Capital Securities have then been admitted to listing and trading as soon as practicable after such determination but in any event not later than the relevant Reset Date. Notice thereof shall also promptly be given to the Holders in accordance with Condition 16 (*Notices*).

(d) *Reference Replacement*

Notwithstanding the provisions above in this Condition 4, if the Agent or the Issuer determines at any time prior to, on or following any Interest Determination Date, that a Benchmark Event has occurred in relation to the Capital Securities, the Issuer may, after using reasonable endeavours to appoint and consult with an Independent Adviser (which

the Issuer will do as soon as reasonably practicable and, if possible, at least 5 Business Days prior to the next relevant Interest Determination Date), determine in its sole discretion, acting in good faith and in a commercially reasonable manner, whether a substitute, alternative or successor rate is available that is substantially comparable to the Reference Rate or Mid-Swap Rate (as applicable) for purposes of determining the Rate of Interest on each Interest Determination Date falling on such date or thereafter, or whether a substitute, alternative or successor rate has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency, or widely recognised industry association or body, or whether a substitute, alternative or successor rate has developed or is expected to develop in an industry accepted rate for debt market instruments such as or comparable to the Capital Securities is available.

If the Issuer has determined a substitute, alternative or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**") for purposes of determining the Rate of Interest on each relevant Interest Determination Date falling on or after such determination at least five business days after such determination, (A) the Issuer will, following consultation with the Independent Adviser (if appointed), also determine changes (if any) to the business day convention, the definition of Business Day, the Interest Determination Date, the day count fraction, relevant screen page, any method for calculating the Replacement Reference Rate, including any Adjustment Spread or other adjustment factor needed to make such Replacement Reference Rate comparable to the relevant Reference Rate or Mid-Swap Rate (as applicable), in each case in a manner that is consistent with any industry-accepted practices for such Replacement Reference Rate, although there is no guarantee that such an Adjustment Spread or other adjustment factor will be determined or applied, or that the application of any such factor will either reduce or eliminate economic prejudice to Holders; (B) the Issuer may, without the consent of any or all Holders and Couponholders, (further) amend the Terms and Conditions of the Capital Securities and/or amend or supplement the Agency Agreement, as necessary to ensure the proper operation of the foregoing; (C) references to the Reference Rate or Mid-Swap Rate (as applicable) in these Conditions applicable to the Capital Securities will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (A) above (including the Adjustment Spread); and (D) the Issuer will give notice as soon as reasonably practicable to the Holders and the Couponholders (in accordance with Condition 16), the Agent and the Paying Agent specifying the Replacement Reference Rate, as well as the details described in (A) above. The Agent will remain the party responsible for calculating the Rate of Interest and the interest amount by making use of the Replacement Reference Rate and the other matters referred to above.

For the avoidance of doubt if a Replacement Reference Rate is determined by the Issuer in accordance with this Condition 4.1(d), this Replacement Reference Rate will be applied to all relevant future payments on the Capital Securities, subject to Condition 4. This Condition 4.1(d) may be (re-)applied if a Benchmark Event has occurred in respect of the Replacement Reference Rate.

The determination of the Replacement Reference Rate and the other matters referred to above by the Issuer will (in the absence of manifest error) be final and binding on the Paying Agent, the Agent and the Holders and the Couponholders and no liability to any such person will attach to the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes in the absence of bad faith or fraud. If the Issuer is unable to or otherwise does not determine a Replacement Reference Rate or any of the other matters referred to above, then the Reference Rate or Mid-Swap Rate (as applicable) will remain the rate in effect unchanged (but subject to the other provisions

of Condition 4) in respect of the relevant Interest Determination Date, and any subsequent Interest Determination Dates will remain subject to the operation of the provisions of this Condition 4. In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 4.1(d), *mutatis mutandis*, on one or more occasions until a Replacement Reference Rate has been determined and notified in accordance with this Condition 4.1(d) (and, until such determination and notification (if any), the fallback provisions provided elsewhere in these Terms and Conditions will continue to apply).

For the avoidance of doubt, each Holder and Couponholder shall be deemed to have accepted the Replacement Reference Rate and such other changes made pursuant to this paragraph 4.1(d) and no consent or approval of any Holder or Couponholder shall be required.

Notwithstanding any other provision of this Condition 4.1(d), the Issuer may not adopt a Replacement Reference Rate, or make any other amendments to these Terms and Conditions of the Capital Securities pursuant to this Condition 4.1(d), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected, with respect to the Capital Securities, to:

(i) prejudice the qualification of the Capital Securities as Additional Tier 1 capital; and/or

(ii) result in the Competent Authority considering such adoption and/or amendment(s) as a new issuance of the Capital Securities.

Any amendment to the Terms and Conditions of the Capital Securities pursuant to this Condition 4.1(d) is subject to (i) the prior (written) permission of the Competent Authority and/or the relevant Resolution Authority, provided that, at the relevant time, such permission is required to be given (including, without limitation, pursuant to Article 77 CRR) and (ii) compliance with any other pre-conditions to, or requirements applicable to, such amendment as may be required by the Competent Authority, MREL regulations or CRD or such other regulatory capital rules applicable to the Issuer at such time.

(e) *Notifications etc.*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest and interest cancellation*) by the Agent or, as the case may be, any Independent Adviser or the Issuer shall (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the Holders and (subject as aforesaid) no liability to any such person will attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(f) *Calculation of interest amounts and any broken amounts*

Save as provided above in respect of equal instalments, the amount of interest payable per Calculation Amount (subject to Condition 8 (*Principal Write-down and Principal Write-up*) and to cancellation in whole or in part pursuant to Condition 4.2 (*Interest cancellation*)) in respect of each Capital Security for any period (an "**Accrual Period**", being the period from and including the date from which interest begins to accrue to but excluding the date on which it falls due) shall be calculated by the Agent by:

(i) applying the applicable Rate of Interest to the Calculation Amount;

(ii) multiplying the product thereof by (A) the actual number of calendar days in the Accrual Period divided by (b) two times the actual number of calendar days from and including the first calendar day of the Accrual Period to but excluding the next following Interest Payment Date; and

(iii) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If the Prevailing Principal Amount of the Capital Securities changes on one or more occasions during any Accrual Period, the Agent shall separately calculate the amount of interest (in accordance with this Condition 4.1(f)) accrued on each Capital Security for each period within such Accrual Period during which a different Prevailing Principal Amount subsists, and the aggregate of such amounts shall be the amount of interest payable (subject to Condition 8 (*Principal Write-down and Principal Write-up*) and to cancellation in whole or in part pursuant to Condition 4.2 (*Interest cancellation*)) in respect of a Capital Security for the relevant Accrual Period.

4.2 Interest cancellation

(a) *Optional cancellation of interest*

The Issuer may, in its sole discretion (but subject at all times to the requirements for mandatory cancellation of interest payments pursuant to Condition 4.2(b), at any time elect to cancel any interest payment (in whole or in part) which is otherwise due to be paid ("**Optional Cancellation of Interest**").

(b) *Mandatory cancellation of interest*

The Issuer shall cancel (in whole or in part, as applicable) any interest payment, including Additional Amounts thereon, where applicable, otherwise due to be paid to the extent that:

(i) the payment of such interest, including Additional Amounts thereon, where applicable, when aggregated with any interest payments or distributions paid or scheduled for payment in the then current Financial Year on the Capital Securities and all other own funds instruments (including any Additional Amounts in respect thereof but excluding any Tier 2 instruments) plus any principal write-ups, where applicable, would cause the amount of Distributable Items (if any) then available to the Issuer to be exceeded; or

(ii) the payment of such interest, including Additional Amounts thereon, where applicable, would cause, when aggregated together with other distributions of the kind referred to in Article 3:62ba Wft (implementing Article 141(2) CRD), Article 3A:11b Wft (implementing Article 16a BRRD), or in any Applicable Banking Regulations plus any principal write-ups, where applicable, the Maximum Distributable Amount (if any) then applicable to the Issuer to be exceeded; or

(iii) the Competent Authority orders the Issuer to cancel the payment of such interest;

together the "**Mandatory Cancellation of Interest**".

Interest payments may also be cancelled in accordance with Condition 8 (*Principal Write-down and Principal Write-up*).

As used in these Conditions:

Distributable Items means, subject as otherwise defined in the Applicable Banking Regulations from time to time:

(a) the amount of the Issuer's profits at the end of the financial year immediately preceding the Financial Year in which the relevant Interest Payment Date falls plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (excluding, for the avoidance of doubt, any Tier 2 instruments); less

(b) any losses brought forward, any profits which are non-distributable pursuant to European Union law or Dutch law or the Issuer's articles of association (*statuten*) and sums placed to non-distributable reserves in accordance with applicable Dutch law or the Issuer's articles of association (*statuten*) in each case with respect to the specific category of own funds instruments to which European Union law, Dutch law or the Issuer's articles of association relate,

such profits, losses and reserves being determined on the basis of the Issuer's non-consolidated accounts.

"**Maximum Distributable Amount**" means any maximum distributable amount (*maximaal uitkeerbare bedrag*) relating to the Issuer required to be calculated pursuant to Article 3:62ba Wft (implementing Article 141(2) CRD), Article 3A:11b Wft (implementing Article 16a BRRD) or any equivalent requirement in the Applicable Banking Regulations to calculate a maximum distributable amount.

(c) *Notice of cancellation of interest*

Upon the Issuer electing (pursuant to Condition 4.2(a)) or determining that it shall be required (pursuant to Condition 4.2(b)) to cancel (in whole or in part) any interest payment, the Issuer shall as soon as reasonably practicable give notice to the Holders in accordance with Condition 16 (*Notices*) and the Agent, specifying the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest that will be paid on the relevant Interest Payment Date; provided, however, that any failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Holders any rights as a result of such failure.

In the absence of such notice being given, if the Issuer does not make an interest payment on the relevant due date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion or obligation to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest (or the portion thereof not paid) shall not be due and payable.

If the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest on the relevant interest payment date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining portion of interest, and accordingly such remaining portion of interest shall also not be due and payable.

(d) *Interest non-cumulative; no event of default*

Any interest (or part thereof) not paid by reason of Optional Cancellation of Interest or Mandatory Cancellation of Interest above or pursuant to Condition 8.1(c) shall be cancelled and shall not:

(i) accumulate or be payable at any time thereafter and Holders shall have no further rights or claims in respect of any interest (or part thereof) not paid, whether in the case of bankruptcy (*faillissement*), liquidation (*liquidatie*) or the dissolution or winding up (*ontbinding en vereffening*) of the Issuer or otherwise;

(ii) constitute an event of default of the Issuer or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever;

(iii) entitle the Holders to any compensation or to take any action to cause the bankruptcy (*faillissement*), liquidation (*liquidatie*), dissolution or winding up (*ontbinding en vereffening*) of the Issuer;

(iv) in any way impose restrictions on the Issuer, including (but not limited to) restricting the Issuer from making any distribution or equivalent payment in connection with Junior Obligations or Parity Obligations.

5. Payments

(a) *Principal*

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Capital Securities at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) *Interest*

Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) Global Form

Payments of principal and interest (if any) in respect of Capital Securities represented by a Global Capital Security will (subject as provided below) be made in the manner specified above in relation to definitive Capital Securities and otherwise in the manner specified in the relevant Global Capital Security, where applicable, against presentation or surrender, as the case may be, of such Global Capital Security 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 Global Capital Security either by such Paying Agent to which it was presented or in the records of relevant Securities Settlement System.

The holder of a Global Capital Security shall be the only person entitled to receive payments in respect of Capital Securities represented by such Global Capital Security and the Issuer will be discharged by payment to, or to the order of, the holder of such Global

Capital Security in respect of each amount so paid. Each of the persons shown in the records of relevant Securities Settlement System as the beneficial holder of a particular nominal amount of Capital Securities represented by such Global Capital Security must look solely to the relevant Securities Settlement System, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Capital Security. No person other than the holder of such Global Capital Security shall have any claim against the Issuer in respect of any payments due on that Global Capital Security.

(d) *Payments subject to fiscal or other laws*

All payments in respect of the Capital Securities are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

(e) *Deduction for unmatured Coupons*

If a Capital Security is presented without all unmatured Coupons relating thereto, then:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons at any time before the expiry of ten years after the Relevant Date (as defined in Condition 10.1 (*Payment without Withholding*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which

such Coupon would otherwise have become due. No payments will be made in respect of void Coupons.

(f) *Payments on Business Days*

If the due date for payment of any amount in respect of any Capital Security or Coupon is not a Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(g) *Payments other than in respect of matured Coupons*

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Capital Securities at the Specified Office of any Paying Agent outside the United States.

(h) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Capital Security or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

6. Redemption and Purchase

6.1 No fixed maturity

The Capital Securities are perpetual and have no fixed maturity date. The Capital Securities will become repayable only as provided in this Condition 6 (Redemption and Purchase) and in Condition 12 (*Limited Remedies in case of Non-Payment*).

6.2 Redemption at the Option of the Issuer

Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), the Issuer may, at its option, having given:

(a) not less than 5 nor more than 30 calendar days' notice to the Holders in accordance with Condition 16 (*Notices*); and

(b) notice to the Agent not less than 2 Business Days before the giving of the notice referred to in (a),

(which notice shall, subject as provided in Condition 6.6 (*Conditions for Redemption and Purchase*), be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Capital Securities on any day falling in the period commencing on (and including) 15 June 2027 and ending on (and including) the First Reset Date or on each Interest Payment Date after the First Reset Date at their Prevailing Principal Amount, together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with these Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

6.3 Redemption for Taxation Reasons

Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), if, on the occasion of the next payment due under the Capital Securities, a Tax Event has occurred, then the Issuer, after having given not less than 5 nor more than 30 calendar days' notice to the Holders in accordance with Condition 16 (*Notices*) and the Agent (which notice shall, subject as provided in Condition 6.6 (*Conditions for Redemption and Purchase*), be irrevocable) may, at its option, redeem the Capital Securities in whole (but not in part), at any time at their Prevailing Principal Amount together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with these Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

The Competent Authority may only permit the Issuer to redeem the Capital Securities before the date falling on the fifth anniversary of the Issue Date on the occurrence of a Tax Event if, without prejudice to Condition 6.6 (*Conditions for Redemption and Purchase*) below, the Tax Event constitutes a change in the applicable tax treatment of the Capital Securities and the Issuer demonstrates to the satisfaction of the Competent Authority that such change is material and was not reasonably foreseeable at the time of their issuance.

Tax Event means that as a result of, or in connection with, any change in, or amendment to, or proposed amendment to, the laws or regulations of, or applicable in, The Netherlands or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or the pronouncement by any relevant tax authority that differs from the previously generally accepted position in relation to the Capital Securities, which change or amendment becomes effective on or after the Issue Date (a) to the extent (prior to the relevant (proposed) amendment, change or pronouncement) the Issuer is entitled to claim full or substantially full relief for the purposes of Dutch corporate income tax for any interest payable under the Capital Securities, it will not obtain full or substantially full relief for the purposes of Dutch corporate income tax for any interest payable under the Capital Securities or (b) on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 10 (*Taxation*).

6.4 Redemption upon a Capital Event

Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), upon the occurrence of a Capital Event, the Issuer may at its option, having given not less than 5 nor more than 30 calendar days' notice to the Holders in accordance with Condition 16 (*Notices*) and the Agent (which notice shall, subject as provided in Condition 6.6 (*Conditions for Redemption and Purchase*), be irrevocable), redeem the Capital Securities, in whole (but not in part), at any time at their Prevailing Principal Amount together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with these Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

The Competent Authority may only permit the Issuer to redeem the Capital Securities before the date falling on the fifth anniversary of the Issue Date on the occurrence of a Capital Event if, without prejudice to Condition 6.6 (*Conditions for Redemption and Purchase*) below, the Competent Authority considers the Capital Event sufficiently certain and the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of their issuance.

A **Capital Event** shall occur if there is a change in the regulatory classification of the Capital Securities that has resulted or would be likely to result in the Capital Securities being excluded, in whole or in part, from the Additional Tier 1 Capital of the Issuer or reclassified as own funds of lower quality of the Issuer (in each case on a consolidated and/or solo basis, as applicable), which change in regulatory classification (or reclassification) becomes effective on or after the Issue Date. For the avoidance of doubt, a Capital Event shall not be deemed to have occurred in case of a partial exclusion of the Capital Securities as a result of (i) a Principal Write-down or (ii) a change in the regulatory assessment of the tax effects of a Principal Write-down.

6.5 Purchases

The Issuer may at its option (but subject to the provisions of Condition 6.6 (*Conditions for Redemption and Purchase*)) purchase Capital Securities (provided that, in the case of definitive Capital Securities, all unmatured Coupons and Talons appertaining thereto are purchased therewith) in the open market or otherwise and at any price, save that any such purchase may only take place within 5 years after the Issue Date subject to, if and to the extent then required by Applicable Banking Regulations at the relevant time, (i) the Issuer having before or at the same time as such purchase, replaced the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority having permitted such purchase on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (ii) the Capital Securities being purchased for market making purposes in accordance with Applicable Banking Regulations. Such Capital Securities may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

However, the Issuer or any agent on its behalf shall have the right at all times to purchase the Capital Securities for market-making purposes, provided that (a) prior written approval of the Competent Authority shall be obtained where required and (b) the total principal amount of the Capital Securities so purchased does not exceed the predetermined amount permitted to be purchased for market-making purposes under Applicable Banking Regulations (such predetermined amount not to exceed the limits set forth in Article 29(3)(b) of Commission Delegated Regulation (EU) 241/2014)).

6.6 Conditions for Redemption and Purchase

(a) *General conditions for redemption and purchase*

Any optional redemption of Capital Securities pursuant to Condition 6.2 (*Redemption at the Option of the Issuer*), 6.3 (*Redemption for Taxation Reasons*) or 6.4 (*Redemption upon a Capital Event*) and any purchase of Capital Securities pursuant to Condition 6.5(i) (*Purchases*) are subject to the following conditions, in the case of (i) and (ii) however only if and to the extent then required by Applicable Banking Regulations.

The Capital Securities may only be redeemed or purchased (as applicable) if the following conditions are met:

(i) the Competent Authority having given its prior written permission to such redemption or purchase;

(ii) the Issuer having demonstrated to the satisfaction of the Competent Authority that the Issuer complies with Article 78 CRR (or any equivalent or substitute provision under Applicable Banking Regulations), which may include (a) the

replacement of the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer or, save in the case of Condition 6.5 above, (b) that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum own funds requirements (including any applicable buffer requirements) by a margin that the Competent Authority considers necessary at such time;

(iii) if, in the case of a redemption as a result of a Tax Event, an opinion of a recognised law firm of international standing has been delivered to the Issuer, to the effect that the relevant Tax Event has occurred.

(iv) notwithstanding the above conditions, if, at the time of such redemption or purchase, the prevailing Applicable Banking Regulations permit the repayment or purchase only after compliance with one or more alternative or additional pre-conditions to those set out in this Condition 6.6(a), the Issuer having complied with such other and/or (as appropriate) additional pre-condition(s).

For the avoidance of doubt, any refusal of the Competent Authority to grant permission shall not constitute a default for any purpose.

(b) No redemption whilst the Capital Securities are written down

Following the occurrence of a Principal Write-down, the Issuer shall not be entitled to redeem the Capital Securities pursuant to Condition 6.2 (*Redemption at the Option of the Issuer*) until the principal amount of the Capital Securities is increased up to their Original Principal Amount pursuant to Condition 8.2 (*Principal Write-up*) (and any notice of redemption which has been given in such circumstances shall be automatically rescinded and shall be of no force and effect).

(c) *Occurrence of Trigger Event supersedes notice of redemption*

If the Issuer has given a notice of redemption of the Capital Securities pursuant to Condition 6.2 (*Redemption at the Option of the Issuer*), 6.3 (*Redemption for Taxation Reasons*) or 6.4 (*Redemption upon a Capital Event*) and, after giving such notice but prior to the relevant redemption date, a Trigger Event has occurred, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, the Capital Securities will not be redeemed on the scheduled redemption date and, instead, a Principal Write-down shall occur in respect of the Capital Securities as described under Condition 8 (*Principal Write-down and Principal Write-up*).

Following the occurrence of a Trigger Event, the Issuer shall not be entitled to give a notice of redemption of the Capital Securities pursuant to Condition 6.2 (*Redemption at the Option of the Issuer*), 6.3 (*Redemption for Taxation Reasons*) or 6.4 (*Redemption upon a Capital Event*) before the Trigger Event Write-Down Date.

6.7 Cancellations

All Capital Securities which are redeemed, and all Capital Securities which are purchased and surrendered to the Agent for cancellation, will (subject to Condition 6.6 (*Conditions for Redemption and Purchase*)) forthwith be cancelled (together, in the case of definitive Capital Securities, with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption).

7. Substitution and Variation

7.1 Substitution and variation

Subject to Condition 7.2 (*Conditions to substitution and variation*) and 7.3 (*Occurrence of Trigger Event following notice of substitution or variation*), if a Capital Event or a Tax Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption or Recapitalisation*), the Issuer may at its option but without any requirement for the consent or approval of the Holders, upon not less than 5 nor more than 30 calendar days' notice to the Holders in accordance with Condition 16 (*Notices*) and upon notice to the Agent (which notice shall, subject as provided in Condition 7.3 (*Occurrence of Trigger Event following notice of substitution or variation*), be irrevocable), substitute all (but not some only) of the Capital Securities or vary the terms of all (but not some only) of the Capital Securities provided that they remain or, as appropriate, become compliant with Applicable Banking Regulations with respect to Additional Tier 1 Capital and that such substitution or variation shall not result in terms that are materially less favourable to the Holders, other than in respect of the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption or Recapitalisation*) (as reasonably determined by the Issuer).

Following such variation or substitution in accordance with the above, the resulting securities shall (1) have a ranking at least equal to that of the Capital Securities, (2) have at least the same interest rate from time to time applying to the Capital Securities, (3) have the same interest payment dates as the Capital Securities, (4) have the same redemption rights as the Capital Securities, (5) preserve any existing rights under the Capital Securities to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of variation or substitution, (6) have assigned (or maintain) the same credit ratings as were assigned to the Capital Securities immediately prior to such variation or substitution which ratings were solicited by or on behalf of the Issuer and (7) be listed on a recognised stock exchange if the Capital Securities were listed immediately prior to such variation or substitution.

Such substitution or variation will be effected without any cost or charge to the Holders.

7.2 Conditions to substitution and variation

Any substitution or variation of the Capital Securities pursuant to Condition 7.1 (*Substitution and variation*) is subject to compliance with any conditions prescribed under Applicable Banking Regulations, including the prior permission of the Competent Authority (if required). For the avoidance of doubt, the Competent Authority has discretion as to whether or not it will approve any such substitution or variation of the Capital Securities.

7.3 Occurrence of Trigger Event following notice of substitution or variation

If the Issuer has given a notice of substitution or variation of the Capital Securities pursuant to Condition 7.1 (*Substitution and variation*) and, after giving such notice but prior to the date of such substitution or variation (as the case may be), a Trigger Event has occurred, the Issuer shall:

(i) only be entitled to proceed with the proposed substitution or variation (as the case may be) provided that such substitution or variation will not affect the timely

operation of the Principal Write-down in accordance with Condition 8.1 (*Principal Write-down*);

(ii) as soon as reasonably practicable, give Holders notice in accordance with Condition 16 (*Notices*) and give notice to the Agent specifying whether or not the proposed substitution or variation (as the case may be) will proceed and, if so, whether any amendments to the substance and/or timing of such substitution or variation (as applicable) will be made.

If the Issuer determines that the proposed substitution or variation (as the case may be) will not proceed, the notice given in accordance with Condition 7.1 (*Substitution and variation*) shall be rescinded and of no force and effect.

8. Principal Write-down and Principal Write-up

8.1 Principal Write-down

(a) *Trigger Event*

Upon the occurrence of a Trigger Event, a Principal Write-down will occur without delay but no later than within one month or such shorter period as may be required by the Competent Authority (such date being a "**Trigger Event Write-down Date**"), all in accordance with this Condition 8.1 (*Principal Write-down*).

(b) *Trigger Event Write-down Notice*

Upon the occurrence of a Trigger Event, the Issuer shall:

(i) immediately notify the Competent Authority that a Trigger Event has occurred;

(ii) determine the Write-down Amount as soon as possible and no later than the relevant Trigger Event Write-down Date; and

(iii) give notice to Holders (a "**Trigger Event Write-down Notice**") in accordance with Condition 16 (*Notices*) and notify the Agent, which notices shall specify (A) that a Trigger Event has occurred, (B) the Trigger Event Write-down Date and (C) if it has then been determined, the Write-down Amount.

The determination that a Trigger Event has occurred, including the underlying calculations, the Trigger Event Write-down Notice and the Issuer's determination of the relevant Write-down Amount shall be irrevocable and be binding on the Holders.

If the Write-down Amount has not been determined at the time the Issuer gives the Trigger Event Write-down Notice, the Issuer shall, as soon as reasonably practicable following such determination having been made, give a further notice to Holders in accordance with Condition 16 (*Notices*) and notify the Agent, confirming the Write-down Amount. Failure to provide any notice referred to in this Condition will not have any impact on the effectiveness of, or otherwise invalidate, any such Principal Write-down or give Holders any rights as a result of such failure.

(c) *Cancellation of interest and Principal Write-down*

On a Trigger Event Write-down Date, the Issuer shall:

(i) irrevocably cancel all interest accrued on each Capital Security up to (and including) the Trigger Event Write-down Date (whether or not the same has become due at such time); and

(ii) irrevocably reduce the then Prevailing Principal Amount of each Capital Security by the relevant Write-down Amount (such reduction being referred to as a "**Principal Write-down**", and "**Written Down**" being construed accordingly) with effect from the Trigger Event Write-down Date, such Principal Write-down to be effected, save as may be otherwise required by Applicable Banking Regulations and/or the Competent Authority and subject to Condition 8.1(e) (*Consequences of a write-down or conversion*), *pro rata* and concurrently with the Principal Write-down of the other Capital Securities and the write-down or conversion into equity (as the case may be) of the then prevailing principal amount of any Parity Loss Absorbing Instruments.

Condition 4.2 (*Interest cancellation*) shall apply accordingly in respect of interest payments cancelled on a Trigger Event Write-down Date in accordance with Condition 8 (*Principal Write-down and Principal Write-up*).

In addition, the Competent Authority shall be entitled to write down the Capital Securities in accordance with its statutory powers, as more fully described in Condition 9 (*Statutory Loss Absorption or Recapitalisation*).

(d) *Write-down Amount*

In these Conditions, "**Write-down Amount**" means, on any Trigger Event Write-down Date, the amount by which the then Prevailing Principal Amount of each outstanding Capital Security is to be Written Down and which is calculated per Calculation Amount of such Capital Security, being the minimum of:

(i) the amount per Calculation Amount (together with, subject to Condition 8.1(e) (*Consequences of a write-down or conversion*), the concurrent *pro rata* Principal Write-down of the other Capital Securities and the write-down or conversion into equity of the prevailing principal amount of any Parity Loss Absorbing Instruments and the prior or concurrent write down or conversion into equity of all of the outstanding principal amount of any Prior Loss Absorbing Instruments) that would be sufficient to immediately restore the Issuer CET1 Ratio to not less than 5.125%, provided that, with respect to each Prior Loss Absorbing Instrument and/or Parity Loss Absorbing Instrument (if any), such *pro rata* write down and/or conversion shall only be taken into account to the extent required to restore the Issuer CET1 Ratio contemplated above to the lower of (x) such Prior Loss Absorbing Instrument's and/or Parity Loss Absorbing Instrument's trigger level and (y) the trigger level in respect of which the relevant Trigger Event under the Capital Securities has occurred, in each case, in accordance with the terms of the relevant instruments and the Applicable Banking Regulations; or

(ii) the amount necessary to reduce the Prevailing Principal Amount of the Capital Security to one cent.

The Write-down Amount for each Capital Security will therefore be the product of the amount calculated in accordance with this Condition 8.1(d) per Calculation Amount and the Prevailing Principal Amount of each Capital Security divided by the Calculation Amount (in each case immediately prior to the relevant Trigger Event Write-down Date).

In calculating any amount in accordance with Condition 8.1(d)(i), the Common Equity Tier 1 Capital (if any) generated as a result of the cancellation of interest pursuant to Condition 8(c)(i) shall not be taken into account.

(e) *Consequences of a write-down or conversion*

To the extent the write-down or conversion into equity of any Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments is not effective for any reason (i) the ineffectiveness of any such write-down or conversion into equity shall not prejudice the requirement to effect a Principal Write-down of the Capital Securities pursuant to Condition 8.1 (*Principal Write-down*) and (ii) the write-down or conversion into equity of any Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments which is not effective shall not be taken into account in determining the Write-down Amount of the Capital Securities.

Any Parity Loss Absorbing Instruments and/or Prior Loss Absorbing Instruments that may be written down or converted to equity in full (save for any one cent floor) but not in part only shall be treated for the purposes only of determining the relevant *pro rata* amounts in Condition 8.1(c)(ii) and 8.1(d)(i) as if their terms permitted partial write-down or conversion into equity.

(f) *No default*

Any Principal Write-down of the Capital Securities shall not:

(i) constitute an event of default of the Issuer or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever;

(ii) constitute the occurrence of any event related to the insolvency of the Issuer or entitle the Holders to any compensation or to take any action to cause the bankruptcy (*faillissement*), liquidation (*liquidatie*), dissolution or winding up (*ontbinding en vereffening*) of the Issuer.

The Holders shall have no further rights or claims against the Issuer (whether in the case of bankruptcy (*faillissement*), liquidation (*liquidatie*) or the dissolution or winding up (*ontbinding en vereffening*) of the Issuer or otherwise) with respect to any interest cancelled and any principal Written Down in accordance with this condition (including, but not limited to, any right to receive accrued but unpaid and future interest or any right of repayment of principal, but without prejudice to their rights in respect of any reinstated principal following a Principal Write-up pursuant to Condition 8.2 (*Principal Write-up*)).

(g) *Principal Write-down may occur on one or more occasions*

A Principal Write-down may occur on one or more occasions and accordingly the Capital Securities may be Written Down on one or more occasions (provided, however, that the principal amount of a Capital Security shall never be reduced to below one cent).

8.2 Principal Write-up

(a) *Principal Write-up*

Subject to compliance with the Applicable Banking Regulations, if a positive Net Profit is recorded (a "**Return to Financial Health**") at any time while the Prevailing Principal

Amount is less than the Original Principal Amount, the Issuer may, at its full discretion but subject to Conditions 8.2(b), 8.2(c) and 8.2(d) increase the Prevailing Principal Amount of each Capital Security (a "**Principal Write-up**") up to a maximum of its Original Principal Amount on a *pro rata* basis with the other Capital Securities and with any other Discretionary Temporary Write-down Instruments capable of being written-up in accordance with their terms at the time of the Principal Write-up (based on the then prevailing principal amounts thereof), provided that the Maximum Write-up Amount is not exceeded as determined in accordance with Condition 8.2(c) below.

Any Principal Write-up Amount will be subject to the same terms and conditions as set out in these Conditions.

For the avoidance of doubt, the principal amount of a Capital Security shall never be increased in excess of its Original Principal Amount.

(b) *Maximum Distributable Amount*

A Principal Write-up of the Capital Securities shall not be effected in circumstances which (when aggregated together with relevant distributions of the Issuer of the kind referred to in Article 3:62ba Wft (implementing Article 141(2) CRD), Article 3A:11(b) Wft (implementing Article 16a BRRD) or in any Applicable Banking Regulations which require a maximum distributable amount to be calculated and taken into account for this purpose) would cause the Maximum Distributable Amount (if any) to be exceeded, if required to be calculated at such time.

(c) *Maximum Write-up Amount*

A Principal Write-up of the Capital Securities will not be effected at any time in circumstances to the extent the sum of:

(i) the aggregate amount of the relevant Principal Write-up on all the Capital Securities;

(ii) the aggregate amount of any interest on the Capital Securities that was paid or calculated (but disregarding any such calculated interest which has been cancelled) on the basis of a Prevailing Principal Amount that is lower than the Original Principal Amount at any time after the end of the then previous Financial Year;

(iii) the aggregate amount of the increase in principal amount of each Discretionary Temporary Write-down Instrument to be written-up at the time of the relevant Principal Write-up and the increase in principal amount of the Capital Securities or any Discretionary Temporary Write-down Instruments resulting from any previous write-up since the end of the then previous Financial Year; and

(iv) the aggregate amount of any interest payments on each Loss Absorbing Instrument that were paid or calculated (but disregarding any such calculated interest which has been cancelled) on the basis of a prevailing principal amount that is lower than the original principal amount at which such Loss Absorbing Instrument was issued at any time after the end of the then previous Financial Year,

would exceed the Maximum Write-up Amount.

In these Conditions, the "**Maximum Write-up Amount**" means the Net Profit (i) multiplied by the aggregate issued original principal amount of all Written-Down Additional Tier 1 Instruments, and (ii) divided by the Tier 1 Capital of the Issuer as at the date when the Principal Write-up is operated, both (i) and (ii) as calculated on a solo or a consolidated basis (as applicable).

(d) *Principal Write-up and Trigger Event*

A Principal Write-up will not be effected whilst a Trigger Event has occurred and is continuing. Further, a Principal Write-up will not be effected in circumstances where such Principal Write-up (together with the simultaneous write-up of all other Discretionary Temporary Write-down Instruments) would cause a Trigger Event to occur.

(e) *Principal Write-up may occur on one or more oc*casions

Principal Write-up may be made on one or more occasions until the Prevailing Principal Amount of the Capital Securities has been reinstated to the Original Principal Amount.

Any decision by the Issuer to effect or not to effect any Principal Write-up on any occasion shall not preclude it from effecting (in the circumstances permitted by this Condition 8.2 (*Principal Write-up*)) or not effecting any Principal Write-up on any other occasion.

(f) *Notice of Principal Write-up*

The Issuer shall, as soon as reasonably practicable following its formal decision to effect a Principal Write-up in respect of the Capital Securities and in any event not later than five Business Days prior to the date on which the Principal Write-up shall take effect, give notice of such Principal Write-up to the Holders in accordance with Condition 16 (*Notices*) and notify the Agent. Such notice shall confirm the amount of such Principal Write-up and the date on which such Principal Write-up is to take effect whereby the interest will be calculated as set out in Condition 4.1(f).

8.3 Foreign Currency Instruments

If, in connection with any Principal Write-down or Principal Write-up of the Capital Securities, any instruments are not denominated in the Accounting Currency at the relevant time ("**Foreign Currency Instruments**", which may include the Capital Securities, any relevant Parity Loss Absorbing Instruments and/or any relevant Prior Loss Absorbing Instruments, as applicable), the determination of the relevant Write-down Amount or Write-up Amount (as the case may be) in respect of the Capital Securities and the relevant write-down (or conversion into equity) amount or write-up amount (as the case may be) of Parity Loss Absorbing Instruments and/or Prior Loss Absorbing Instruments shall be determined by the Issuer based on the relevant foreign currency exchange rate used by the Issuer in the preparation of its regulatory capital returns under the Applicable Banking Regulations.

9. Statutory Loss Absorption or Recapitalisation

Capital Securities may become subject to the determination by the relevant Resolution Authority or the Issuer (following instructions from the relevant Resolution Authority) that (a) all or part of the principal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be written off or otherwise be applied to absorb losses (such loss absorption, "**Statutory Loss Absorption**"), subject to write-up by the

Resolution Authority or (b) all or part of the nominal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be converted into CET1 instruments (such conversion, "**Recapitalisation**") all as prescribed by the Applicable Resolution Framework. Upon any such determination:

(i) the relevant proportion of the principal amount of the Capital Securities subject to Statutory Loss Absorption or Recapitalisation shall be written off or otherwise be applied to absorb losses or converted into CET1 instruments, as prescribed by the Applicable Resolution Framework;

(ii) Holders shall have no further rights or claims, whether in the case of bankruptcy (*faillissement*), liquidation (*liquidatie*) or the dissolution or winding up (*ontbinding en vereffening*) of the Issuer or otherwise in respect of any amount written off or subject to conversion or otherwise as a result of such Statutory Loss Absorption or Recapitalisation, including, but not limited to, any right to receive accrued but unpaid and future interest or any right of repayment;

(iii) such Statutory Loss Absorption or Recapitalisation shall not constitute an event of default of the Issuer or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever; and

(iv) such Statutory Loss Absorption or Recapitalisation shall not constitute the occurrence of any event related to the insolvency of the Issuer or entitle the Holders to any compensation or to take any action to cause the bankruptcy (*faillissement*), liquidation (*liquidatie*), dissolution or winding up (*ontbinding en vereffening*) of the Issuer.

In addition, subject to the determination by the relevant Resolution Authority and without the consent of the Holders, the Capital Securities may be subject to other resolution measures as envisaged under the Applicable Resolution Framework, such as replacement or substitution of the Issuer, transfer of the Capital Securities, expropriation of Holders, modification of the terms of the Capital Securities, suspension of any payment of delivery obligations of the Issuer under or in connection with the Capital Securities and/or suspension or termination of the listings of the Capital Securities. Such determination, the implementation thereof and the rights of Holders shall be as prescribed by the Applicable Resolution Framework, which may include the concept that, upon such determination, no Holder shall be entitled to claim any indemnification or payment in respect of any tax or other consequences arising from any such event. Any such event shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle the Holders to take any action to cause the bankruptcy (*faillissement*), liquidation (*liquidatie*), dissolution or winding up (*ontbinding en vereffening*) of the Issuer.

The Issuer shall as soon as practicable give notice to the Holders in accordance with Condition 16 (*Notices*) and give notice to the Agent that Statutory Loss Absorption or Recapitalisation has occurred and of the amount adjusted downwards upon the occurrence of Statutory Loss Absorption or Recapitalisation. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such Statutory Loss Absorption or Recapitalisation or give Holders any rights as a result of such failure.

Upon any write off or conversion of a proportion of the principal amount of the Capital Securities as a result of Statutory Loss Absorption or Recapitalisation, any reference in these Conditions to principal, nominal amount, principal amount, Original Principal

Amount or Prevailing Principal Amount shall be deemed to be to the amount resulting after such write off or conversion.

10. Taxation

10.1 Payment without Withholding

All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Capital Securities will be made free and clear of and without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes or duties is required by law or by the administration or official interpretation thereof at the initiative of the relevant tax authority of the Issuer. In that event, the Issuer will pay such additional amounts ("**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders or Couponholders after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Capital Securities 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 Capital Security or Coupon:

(a) in respect of payment of any Prevailing Principal Amount; or

(b) presented for payment by or on behalf of a Holder or Couponholder who is liable for such taxes or duties in respect of such Capital Security or Coupon by reason of his having some connection with The Netherlands other than the mere holding of such Capital Security or Coupon or the receipt of principal or interest in respect thereof; or

(c) presented for payment by or on behalf of a Holder 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

(d) as a result of a withholding or deduction pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*), as amended, on payments due to a Holder or Couponholder affiliated to the Issuer (within the meaning of the Dutch Withholding Tax Act 2021 as published in the Official Gazette (*Staatsblad*) Stb. 2019, 513 of 27 December 2019); or

(e) presented for payment more than 30 calendar 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 calendar day assuming that calendar day to have been a Business Day.

The Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA Withholding**") as a result of a Holder, Couponholder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay Additional Amounts or otherwise indemnify an investor

for any such FATCA Withholding deducted or withheld by the Issuer, any Paying Agent or any other party.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 16 (*Notices*).

10.2 Additional Amounts

Any reference in these Conditions to any amounts (including any payments or cancellation of interest) in respect of the Capital Securities shall be deemed also to include any Additional Amounts which may be payable under this Condition 10 (*Taxation*). For the avoidance of doubt, additional amounts shall only be payable to the extent the Issuer has sufficient Distributable Items and such payment would not cause the Maximum Distributable Amount, if any, to be exceeded, if required to be calculated at such time.

11. Prescription

The Capital Securities and Coupons will become void unless claims in respect of principal and/or interest are made within a period of five years after the Relevant Date (as defined in Condition 10.1 (*Payment without Withholding*)) therefor.

Any Coupon sheet issued on exchange of a Talon shall not include any Coupon which payment claim would be void pursuant to this Condition or Condition 5(e) or any Talon which would be void pursuant to Condition 5(e) (*Deduction for unmatured Coupons*).

12. Limited Remedies in case of Non-Payment

Any failure by the Issuer to pay interest or the Prevailing Principal Amount when due in respect of the Capital Securities shall not constitute an event of default and does not give Holders any right to demand repayment of the Prevailing Principal Amount.

If any of the following events shall have occurred and be continuing:

(i) the Issuer is declared bankrupt (*failliet*); or

(ii) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Capital Securities,

then any Holder may, by written notice to the Issuer at its specified office, effective upon the date of receipt thereof by the Issuer, declare the Capital Security held by the Holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Prevailing Principal Amount and any accrued but unpaid interest from the previous Interest Payment Date up to (but excluding) the date of repayment (to the extent payment of such interest amount is not cancelled pursuant to Condition 4.2 (*Interest cancellation*), without presentment, demand, protest or other notice of any kind provided that repayment of Capital Securities will only be effected after the Issuer has obtained the prior written permission of the Competent Authority provided that at the relevant time such permission is required.

No remedy against the Issuer other than as referred to in this Condition 12 (*Limited Remedies in case of Non-Payment*) shall be available to the Holders, whether for recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its obligations under or in respect of the Capital Securities.

13. Replacement of Capital Securities, Coupons and Talons

Should any Capital Security, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Capital Securities, Coupons or Talons must be surrendered before replacements will be issued.

14. Agent and Paying Agents

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

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

(a) so long as the Capital Securities are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;

(b) there will at all times be a Paying Agent with a specified office in a city in the European Union; and

(c) there will at all times be an Agent.

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 or more than 45 calendar days' prior notice thereof shall have been given by the Issuer to the Holders in accordance with Condition 16 (*Notices*).

15. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon forming part of such Coupon sheet may be surrendered at the Specified Office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including a further Talon, subject to the provisions of Condition 11 (*Prescription*). Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

Upon the due date for redemption of any Capital Security, any unexchanged Talon relating to such Capital Security shall become void and no Coupon will be delivered in respect of such Talon.

16. Notices

All notices regarding the Capital Securities shall be published (i) in at least one daily newspaper of wide circulation in The Netherlands, which is expected to be *Het Financieele Dagblad*, and (ii) if and for so long as the Capital Securities are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange (www.bourse.lu) and through a press release which will also be made available on the website of the Issuer (https://www.devolksbank.nl/investor-relations/debt-informatie/additional-tier-1-notes). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made.

Until such time as any definitive Capital Securities are issued, there may (provided that, in the case of any publication required by a stock exchange, the rules of the stock exchange so permit), so long as the Global Capital Security is held in its entirety on behalf of the Securities Settlement System, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to the Securities Settlement System for communication by it to the Holders, provided that for so long as any Capital Securities 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 also be published in the manner required by those rules. Any such notice shall be deemed to have been given to the Holders on the day on which the said notice was given to the Securities Settlement System.

Notices to be given by any Holder shall be in writing and given by lodging the same, together (in the case of any Capital Security in definitive form) with the relative Capital Security or Capital Securities, with the Agent. Whilst any of the Capital Securities are represented by a Global Capital Security, such notice may be given by any Holder to the Agent via the Securities Settlement System in such manner as the Agent and the Securities Settlement System may approve for this purpose.

17. Meetings of Holders and Modification

17.1 Meetings of Holders

The Agency Agreement contains provisions for convening meetings of the Holders to consider matters relating to the Capital Securities, including the sanctioning by an Extraordinary Resolution of a modification of the Capital Securities, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Holders holding not less than five % in Prevailing Principal Amount outstanding at such time. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in Prevailing Principal Amount outstanding at such time, or at any adjourned meeting one or more persons being or representing Holders whatever the Prevailing Principal Amount outstanding at such time so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Capital Securities or Coupons (including modifying any date for payment of principal or interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Capital Securities or altering the currency of payment of the Capital Securities 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 Prevailing Principal Amount outstanding at such time. An Extraordinary Resolution passed at any meeting of Holders shall be binding on all the Holders, whether or not they are present at the meeting, and on all Couponholders.

Convening notices shall be made in accordance with Condition 16 (*Notices*).

The Agency Agreement provides that, if authorised by the Issuer, a resolution in writing signed by or on behalf of the Holders of not less than 75% in Prevailing Principal Amount outstanding at such time shall for all purposes be as valid and effective as an extraordinary resolution passed at a meeting of Holders duly convened and held, provided that the terms of the proposed resolution have been notified in advance to the Holders through the Securities Settlement System. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

Resolutions of Holders will only be effective if such resolutions have been approved by the Issuer and, if so required, by the Competent Authority.

17.2 Modification

Subject to obtaining the permission therefor from the Competent Authority if so required, the Agent and the Issuer may agree, without the consent of the Holders or Couponholders, to:

(a) any modification (except as mentioned above) of the Agency Agreement which, in the sole opinion of the Issuer, is not materially prejudicial to the interests of the Holders and Couponholders; or

(b) any modification of the Capital Securities, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer (acting reasonably), of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law or as a result of the operation of a benchmark replacement in accordance with Condition 4.2(d).

Any such modification shall be binding on the Holders and the Couponholders and any such modification shall be notified to the Holders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

18. Further Issues

The Issuer may from time to time without the consent of the Holders or Couponholders create and issue further capital securities, having terms and conditions the same as those of the Capital Securities, or the same except for the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Capital Securities.

19. Governing Law and Submission to Jurisdiction

19.1 Governing Law

The Capital Securities, the Coupons and the Talons, any non-contractual obligations arising out of or in connection therewith and the choice of court agreement included in Condition 19.2 (*Jurisdiction*) are governed by, and shall be construed in accordance with Dutch law.

19.2 Jurisdiction

The Issuer submits for the exclusive benefit of the Holders, the Couponholders and the holders of Talons to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and in its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Capital Securities, the Coupons and/or the Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Capital Securities may be brought in any other court of competent jurisdiction.

FORM OF THE CAPITAL SECURITIES

The Capital Securities will initially be in the form of the Temporary Global Capital Security which will be deposited on the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

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

The Capital Securities are not intended to be held in a manner which would allow Eurosystem eligibility – that is, in a manner which would allow the Capital Securities to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. Whilst the Capital Securities are not intended to be held in a manner which would allow Eurosystem eligibility at the date of this Prospectus, should the Eurosystem eligibility criteria be amended in the future such that the Capital Securities are capable of meeting them the Capital Securities may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Capital Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Whilst any Capital Security is represented by the Temporary Global Capital Security and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Capital Security 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 Euroclear or Clearstream, Luxembourg and Euroclear or Clearstream, Luxembourg have given a like certification (based on the certifications they have received) to the Agent.

On and after the date (the "**Exchange Date**") which is not less than 40 calendar days after the Issue Date, interests in the Temporary Global Capital Security will be exchangeable (free of charge), upon request as described therein, for interests in the Permanent Global Capital Security against certification of beneficial ownership as described in the second sentence of the preceding paragraph. The holder of the Temporary Global Capital Security will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Capital Security for an interest in the Permanent Global Capital Security is improperly withheld or refused.

So long as the Capital Securities are represented by a Temporary Global Capital Security or a Permanent Global Capital Security and the relevant clearing system(s) so permit, the Capital Securities will be tradable only in the minimum authorised denomination of €200,000 and higher integral multiples of €100,000, notwithstanding that no Definitive Capital Securities will be issued with a denomination above €200,000.

The Permanent Global Capital Security will be exchangeable (free of charge), in whole but not in part, for security printed Definitive Capital Securities with interest coupons or coupon sheets and

talons attached. Such exchange may be made only upon the occurrence of an Exchange Event and if permitted by applicable law. An "**Exchange Event**" means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 calendar 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 successor clearing system is available. The Issuer will promptly give notice to Holders in accordance with Condition 16 (*Notices*) upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event any person who is at any time shown as accountholder in the records of Euroclear and/or Clearstream, Luxembourg as persons holding a principal amount of interest in the Permanent Global Capital Security may give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 calendar days after the date on which the relevant notice is received by the Agent. The Temporary Global Capital Security, the Permanent Global Capital Security and Definitive Capital Securities will be issued pursuant to the Agency Agreement.

Payments of principal and interest (if any) on a Permanent Global Capital Security will be made through Euroclear or Clearstream, Luxembourg without any requirement for certification. Definitive Capital Securities will be in the standard euromarket form. Definitive Capital Securities and any Global Capital Security will be to bearer.

A Capital Security may be accelerated by the holder thereof in limited circumstances described in Condition 12 (*Limited Remedies in case of Non-Payment*). In such circumstances, where any Capital Security is still represented by a Global Capital Security and a holder of such Capital Security so represented and credited to his account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Capital Security, unless within a period of 15 calendar days payment has been made in full of the amount due in accordance with the terms of such Global Capital Security, holders of interests in such Global Capital Security credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear or Clearstream, Luxembourg on and subject to the terms of the relevant Global Capital Security.

USE OF PROCEEDS

General

The Capital Securities are expected to be included in the Issuer's Tier 1 capital base under CRD.

Green Bond Framework

In particular, the Issuer will apply the net proceeds from the issue of the Capital Securities specifically for projects and activities that promote climate and other environmental purposes, in accordance with de Volksbank's Green Bond Framework. De Volksbank's Green Bond Framework follows the ICMA Green Bond Principles.

De Volksbank's Green Bond Framework provides that the Issuer intends to allocate the net proceeds of the Capital Securities to a portfolio of new and existing loans, that contribute to a climate neutral balance sheet (which rose to 55% at the end of 2021) through reduced or avoided emissions (the "**Eligible Green Loan Portfolio**"), provided that it will meet the following criteria ("**Eligibility Criteria**"):

(i) Green buildings: defined as buildings which meet the following criteria:

- For Dutch residential properties built prior to 31 December 2020: Existing residential buildings with an Energy Performance Certificate (EPC) label "A" in the Netherlands and belonging to the top 15% low-carbon residential buildings in the Netherlands[5]
- For Dutch residential properties built as of 1 January 2021: New or existing residential buildings that meet the categorisation of "Nearly Zero Emissions Building" (NZEB) - 10%[6];
- Refurbished residential buildings with an improved energy efficiency of at least 30%. In terms of EPC labels, this is equivalent to two EPC label steps improvement. In this regard, the Issuer may provide dedicated residential refurbishment loans.

(ii) Energy Efficiency: Measures contributing to a more efficient use of energy, such as but not limited to:

- Geothermal or Hybrid heat pumps contributing to the targets for renewable energy in heating and cooling in accordance with Directive 2018/2001/EU
- Alternative heating
- Floor, wall and roof isolation
- Energy efficient windows, doors and frames, meeting Eco-design requirements pursuant to Directive 2009/125/EC
- Energy efficiency advisory
  - Energy storage
  - Energy efficient lighting such as LED

(iii) Renewable Energy: Production, development, construction, operation, acquisition and products of renewable energy; as well as the connection of renewable energy production units to the electricity grid, the transportation through the network and the manufacturing of the technology. Renewable energy sources can include:

- On and offshore wind energy
- Solar energy

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5 Refer to the Green Buildings Methodology Assessment document available on the Issuer's website. The top 15% evolves over time once new buildings are added to the building stock, therefore the Issuer will refer to the top 15% low-carbon residential buildings in The Netherlands based on most recent year-end data.

6 The Dutch version of NZEB is called BENG. In accordance with the EU Taxonomy recommendation, the net primary energy demand of new constructions (built as of the 1st of January 2021) must be at least 10% lower than the primary energy demand resulting from the relevant BENG requirements.

- Tidal energy

The Issuer will strive to, and expects there to be sufficient eligible green loans available for, the full allocation of the proceeds of the Capital Securities to an Eligible Green Loan Portfolio. In limited instances, the Issuer will temporarily hold the balance of net proceeds not yet allocated to such Eligible Green Loan Portfolio in its treasury liquidity portfolio, in cash or other short term and liquid instruments with a sustainable character (such as green and social bonds), as it deems necessary in line with de Volksbank's Green Bond Framework. In such case, the Capital Securities will continue to qualify as Capital Securities under de Volksbank's Green Bond Framework. Potential investors should make their own assessment about making any investment decision with respect to the Capital Securities. The Issuer will review and approve allocations of Capital Securities proceeds to Eligible Green Loan Portfolio on at least an annual basis.

Process for evaluation and selection

The Issuer requires that loans comply with official national, supranational and international environmental and social standards, laws and regulations. It is also part of the Issuer's transaction approval process to ensure that loans comply with the Issuer's sustainability policy, including those financed with the proceeds of the Capital Securities. Projects as proposed by various business areas of the Issuer are evaluated and selected by the Issuer's Committee Social Impact (CSI).

Management of proceeds and reporting

The Capital Securities' proceeds will be managed by the Issuer in a portfolio approach. The Issuer will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio which matches or exceeds the balance of net proceeds from its outstanding Capital Securities. Additional Eligible Green Loans will be added to de Volksbank's Eligible Green Loan Portfolio to the extent required.

The Issuer will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio after a year from the issuance of the applicable Capital Security, to be renewed annually. Such allocation report will report on the (i) the total amount of proceeds allocated to eligible green loans per category, (ii) the number of eligible green loans, (iii) the balance of unallocated proceeds and (iv) the amount or the percentage of new financing and refinancing.

These allocation reports are intended to become available on the Issuer's website (https://www.devolksbank.nl/investor-relations/green-bonds).

External reviews

De Volksbank Green Bond Framework has been reviewed by ISS ESG who has issued a "second party opinion". ISS ESG has evaluated the framework's alignment with the ICMA Green Bond Principles and the market best practices. This opinion as well as the Green Bond Framework are available to investors through https://www.devolksbank.nl/investor-relations/green-bonds and can be found under respectively "*ISS ESG Second Party Opinion 2021*" and "*Green Bond Framework de Volksbank 2021*".

The Issuer will request on an annual basis, starting one year after issuance and until maturity, a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor (Ernst & Young or any subsequent external auditor).

Any information contained in or accessible through any website, including https://www.devolksbank.nl/investor-relations/green-bonds, does not form a part of this

Prospectus, unless specifically stated herein, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Prospectus that all or any portion of such information is incorporated by reference in this Prospectus.

DESCRIPTION OF THE ISSUER

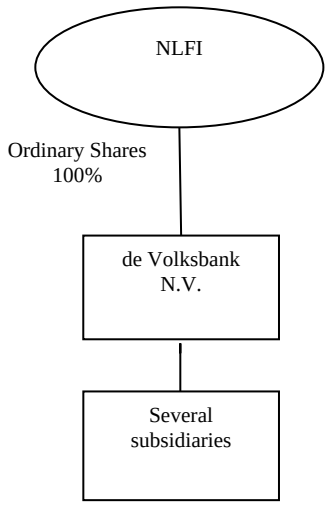
DE VOLKSBANK N.V.

Incorporation and ownership

De Volksbank N.V. was incorporated on 18 December 1990 as a "*naamloze vennootschap*", a public company under Dutch law, as a result of the merger of several regional savings banks. Its legal name is de Volksbank N.V. and its corporate seat is in Utrecht, the Netherlands. The registered office of the Issuer is Croeselaan 1, 3521 BJ, Utrecht, the Netherlands and the Issuer is registered in the Commercial Register of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*), under number 16062338. The Issuer's 'Legal Entity Identifier' ("**LEI**") of the Issuer is 724500A1FNICHSDF2I11. The telephone number of the Issuer is +31(0)30 291 5200. The website of the Issuer is https://www.devolksbank.nl/.[7]

The Articles of Association were most recently amended by notarial deed on 30 March 2019 before Mr. W.H. Bossenbroek, civil law notary practising in Amsterdam, the Netherlands.

As per the date of this Prospectus, NLFI is, on behalf of the Dutch State, the sole shareholder of the Issuer (see chart below). NLFI as the sole shareholder may exercise control over the Issuer. With a view of the objectives and governance of the NLFI, such control will likely be exercised in a prudent manner. NLFI has expressed, amongst other things, that in exercising the rights attached to the shares it will be guided primarily by the financial and economic interests of the holder of the depositary receipts for shares issued by NLFI (i.e. the Dutch State), taking into account the interests of the Issuer and all the employees concerned. This entails, *inter alia*, that NLFI will monitor that the Issuer pursues a responsible corporate strategy that is in line with sound commercial business operations and the applicable rules of good corporate governance. NLFI has expressed that it will exercise the rights attached to the shares in such a way that the Issuer decides its own commercial strategy independently and exercises the day-to-day running of its company so that there is no question of coordinating the commercial policy of the Issuer.



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

Governance of the Issuer

The Board of Directors and the Supervisory Board consist of the members set out below.

Board of Directors

The Board of Directors consists of, and the principal activities performed by the members of the Board of Directors outside the Issuer, which are significant with respect to the Issuer, are as follows:

Mr. M.H.J. Gribnau, Chief Executive Officer (*CEO*)
Member Board of the Dutch Banking Association

Vacancy, Chief Financial Officer (*CFO*)

Mr. J.R. Dijst, Chief Risk Officer (*CRO*)
None

Mrs. M.L. van der Meer, Chief Customer Officer (*CCO*)
Member Committee on Consumer Affairs of the Dutch Banking Association

Vacancy, Chief Operations Officer

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

The Issuer has introduced an Executive Committee consisting of statutory (i.e. members of the Executive Board) and non-statutory members. As a result, the position of Chief Operations Officer has ceased to exist. The below three positions have been added to the Executive Committee as non-statutory members and together with the members of the Executive Board form the Executive Committee.

- Chief Transformation Officer (CTO)
- Chief People and Organisation Officer (CPOO)
- Chief Information Officer (CIO)

The CTO and CIO positions are fulfilled by the following persons:

Mrs. Marjolein de Jongh (CTO)
None

Mr. Michel Ruijterman (CIO)
None

The Issuer is currently recruiting candidates for the CFO and CPOO positions.

Supervisory Board

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

Mr. G. Van Olphen, Chairman

- Member of the Supervisory Board of a.s.r. / Member of the Audit & Risk Committee and member of the Nomination & ESG Committee
- Member of the Supervisory Board of the Dutch Heart Foundation
- Member of the Identification Board of the Royal Dutch Professional Association of Auditors (*NBA*)

Mrs. J.G.H. Helthuis
- Managing Director at Van Doorne
- Vice-Chair of the Supervisory Board of ProRail / Member of the Audit Committee, Selection & Appointment Committee and Remuneration Committee

Mrs. P.C. van Hoeken

- Member of the Supervisory Board of Nordea / Member of the Risk & Compliance Committee and member of the Audit Committee
- Member of the Supervisory Board of the Nederlandse Waterschapsbank / Chair of the Risk & Compliance Committee and member of the Audit Committee
- Member of the Supervisory Board of the *Oranje Fonds* / Member of the Audit Committee and member of the Investment Committee
- Advisor of the Ministry of Economic Affairs and Climate / Chair of the Credit Committee of the Corporate Finance Guarantee Scheme (GO Scheme) / Chair of the Risk & Compliance Committee and member of the Audit Committee
- Member of the Review Committee Donations of the University of Leiden

Mr. A.H.P. Kregting
- Member Supervisory Board of UMC Utrecht

Mr. J.H.P.M. van Lange

- Chairman of the Supervisory Board and Chairman of the People & Organisation Committee of Zuyderland Medisch Centrum
- Vice-Chairman of the Supervisory Board and Chairman of the Audit, Risk & Compliance Committee of Bouwinvest N.V.
- Member of the Board of Governors and Chairman of the Audit Committee of Tilburg University
- Member of the Investment Advisory Committee of DELA

Audit Committee

The audit committee of the Issuer (the "**Audit Committee**") currently consists of three members (each members of the Supervisory Board):

Mr. J.H.P.M. van Lange, Chairman
Mrs. P.C. van Hoeken
Mr. A.H.P. Kregting

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

(i) the set up and operation of the framework of the internal risk management and control systems of the Issuer set up and maintained by the Board of Directors and senior

management of the Issuer, including the compliance with relevant laws and regulations and supervision on the functioning of internal and external codes of conduct;

(ii) the quality, completeness, accuracy and timeliness of the provision of financial information by the Issuer on the basis of which the achievement of the objectives of the Issuer and its business units shall be assessed;

(iii) compliance with recommendations and follow-up of observations of internal auditors, external auditors, tax advisors, actuaries and regulatory authorities;

(iv) discussions on the checks and audits performed by the Audit department in respect of the internal risk management and control systems of the Issuer;

(v) the role and the functioning (scope, effectiveness and quality) of the Audit function of the Issuer, including the assessment of risk analyses, annual plans, quarterly reports and performance reports prepared by the Audit function;

(vi) the policy of the Issuer in respect of tax planning;

(vii) the effectiveness, scope, independence, quality and involvement of the external auditor, including the financial reporting process;

(viii) adoption of the annual accounts, approval of the annual budget and major capital investments as well as funding of the Issuer; and

(ix) the applications of information and communication technology.

The Audit Committee shall ensure a robust process and shall provide the Supervisory Board of the Issuer with advice regarding the (re)appointment, remuneration and the cancellation of the assignment of the external auditor. The chairman of the Audit Committee shall be actively involved in the appointment, assessment/remuneration, suspension and dismissal of the audit director ("**Audit Director**").

The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Audit Director and external auditor have standing invitations to attend the meetings of the Audit Committee. The chairman of the Audit Committee, the Audit Director and the external auditor hold a preliminary consultation prior to each meeting, unless the persons involved consider this to be unnecessary. Once a year, a meeting of the Audit Committee takes place where only the Audit Director and the external auditor are present.

The Issuer and the Banking Code

The revised banking code published by the Dutch Banking Association in October 2014 and effective as of 1 January 2015 (the "**Banking Code**") consists of a package for sound governance. It is a product of self-regulation of Dutch banks. It consists of a Social Charter, the Banking Code and the rules of conduct associated with the bankers' oath, which must all be seen in conjunction with one another. All three elements of this package are clearly reflected within the internal manifesto of the Issuer.

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

The website of the Issuer provides an overview of the application of the Banking Code (https://www.devolksbank.nl/en/about-us/code-banken). Compliance with the Banking Code is constantly monitored and is due to its nature a dynamic process.

The Issuer and the Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the "**Code**") is a code of conduct applicable to listed companies. The Code contains principles and best practice provisions for sound governance, that regulate relations between the board of directors, the supervisory board and shareholders (including the general meeting of shareholders) and stakeholders. The Code is not applicable to

the Issuer, as the Code applies to listed companies only and the Issuer's shares are not listed on any stock exchange. Despite the fact that all shares in the Issuer are held by NLFI, the Issuer voluntarily applies the Code since 30 September 2015. In that respect, the Issuer focuses mainly on compliance with the Code's principles and best practice provisions pertaining to its Board of Directors, Supervisory Board and internal and external audits. The Code is based on the principle of 'comply or explain', see https://www.devolksbank.nl/en/about-us/nederlandse-corporate-governance-code for an overview of how the Issuer implements the provisions from the Code in its governance structure. Certain provisions of the Code are not applicable to the Issuer as they relate to the listing of shares on a stock exchange. Otherwise the Issuer complies with the Code, with the following exception. The terms of appointment of the members of the Supervisory Board, as laid down in the regulations for the Supervisory Board, are linked to the general meeting of shareholders by reference to the articles of association of the Issuer. This means that these terms of office may in theory be longer than specified in the Code.

Potential conflicts of interest of the Board of Directors and Supervisory Board

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

Independent Auditor

Ernst & Young Accountants LLP ("**Ernst & Young**") has been appointed as independent auditor to the Issuer as of 1 January 2016. All audit partners of Ernst & Young involved in the audit of the financial statements of the Issuer are a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*, NBA). The address of Ernst & Young is Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands.

Rating Agencies

The Issuer has been rated by independent rating agencies Moody's, S&P and Fitch. The most recently published reports by these rating agencies, expressing opinions on any of the ratings assigned to the Issuer, are made available on www.volksbank.nl under the headings *'Investor relations' > 'Credit ratings'*. Please see below an overview of the ratings assigned to the Issuer.

Ratings of the Issuer per date of this Prospectus

Long term credit ratings	**S&P**	**Moody's**	**Fitch**
The Issuer	A- (stable)	A2 (stable)	A- (stable)

Short term credit ratings	**S&P**	**Moody's**	**Fitch**
The Issuer	A2	P-1	F1

Company profile

The Issuer has a focus on the Dutch market, offering understandable and transparent mortgage, savings and payment products to private individuals and smaller companies. The Issuer also offers insurance and investment services and aims to maintain its strong liquidity profile and capital structure.

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

The mission of the Issuer – *banking with a human touch* – is described in its manifesto. To live up to this mission, the Issuer has the ambition to optimise shared value. This means that the Issuer serves the joint interests of customers, society, employees and shareholder(s).

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

Four Bank brands:

- ASN Bank's mission is to contribute to a more sustainable society, based on its pillars of climate change, human rights and biodiversity. ASN Bank is working towards a more sustainable society in two ways. Firstly, in its banking activities, through (project) loans and the investments made by the bank and its investment funds. Secondly, in its non-banking activities, such as collaboration with other organisations and knowledge sharing;

- BLG Wonen is the brand for the independent advisor who gives broad house and home-related financial advice to clients. BLG Wonen seeks to create a society in which every person has a house where he feels at home. BLG Wonen is known for being a personal services provider and is firmly committed to retaining this personal touch by, for example, developing campaigns geared to specific target groups and their housing needs. In addition to serving new customers, BLG Wonen also seeks to strengthen the ties with its existing customers and advisers;

- RegioBank works with independent advisers having a franchise relationship with this brand. RegioBank offers a range of products, serving retail customers and SME customers in the areas of payments, savings and mortgages. RegioBank aims for local savings to be invested locally in the form of mortgages while also focusing on the retention of mortgage customers. RegioBank promotes initiatives that stimulate vitality and liveability; and

- SNS is a brand for ordinary Dutch consumers and has a course that fits in well with SNS's roots as a social bank. SNS positions itself as a no-nonsense brand for ordinary Dutch consumers and as a clear alternative to the major banks. SNS shows (prospective) customers that they really have a choice and proves this by offering unique products and services. It is the brand's ambition to be a larger, visible player, including in the mortgage and payments markets. Presenting a clear and simple product range, SNS offers its customers comprehensive solutions for payments, (bank) savings, mortgages, insurance, borrowing and profile investment. The objective is to intensify the relationship with the customer by proactively giving advice, listening carefully and discovering any additional wishes.

Supervision

The regulatory framework is under constant scrutiny, at a national, supranational and international level. Many new rules and regulations have entered into force in recent years and will enter into force the following years. Important changes with respect to the supervision on the Issuer have been and will be introduced by CRD, the implementation of the BRRD, the SRM Regulation, the EU Banking Reforms and the Basel III Reforms (see Risk Factors – '*Major changes in laws and regulations as well as enforcement action could have a negative impact on the Issuer*' and '*Resolution regimes may (inter alia) lead to fewer assets of the Issuer being available to investors*

for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding').

Within the group consisting of the Issuer and its subsidiaries, the following entities hold licences under the Wft (excluding finance service providers licences):

Bank:
de Volksbank N.V.

Alternative Investment Fund Manager:
ASN Beleggingsinstellingen Beheer B.V.

Single Supervisory Mechanism
The SSM is one of the elements of the Banking Union. The SSM has created a new system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. The Issuer is considered a 'significant credit institution' under the SSM and is therefore since 4 November 2014 subject to direct supervision by the ECB. Specific tasks relating to the prudential supervision of credit institutions have been conferred to the ECB.

Additional capital buffer requirement
The Issuer has been designated as an 'other systemically important bank'. In connection therewith, an additional capital buffer requirement under CRD of 1% of its RWA has been imposed on the Issuer since 2019.

Recent developments

End of Restructuring Plan
In 2013, the European Commission imposed a number of conditions and restrictions on the Issuer within the scope of the nationalisation of SNS REAAL (currently SRH N.V.). These conditions and restrictions were laid down in the so called 'Restructuring Plan' and applied until the end of the restructuring period on 31 December 2017. The European Commission has announced in medio 2018 that it is satisfied with the manner in which the Issuer has implemented the Restructuring Plan and has accordingly also confirmed the end of the restructuring period.

Future options of the Issuer
On 1 July 2016, the Dutch Minister of Finance sent a letter to the House of Representatives on the future of and privatisation options for the Issuer. In this letter the Minister of Finance subscribed NLFI's conclusion that it is too early to make a decision on the Issuer's future and that execution of the strategic plan of the Issuer would require two or three years to achieve long term optimal value creation. The Minister of Finance will decide on the future of the Issuer after the Issuer has regained a strong position in the Dutch banking landscape.

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

Together with the second progress report by NLFI published in October 2018, the Minister of Finance sent a letter to the Dutch House of Representatives on 27 November 2018 reaffirming NLFI's conclusion in its second progress report. NLFI concluded in its second progress report that the Issuer has made good progress with respect to its risk management, in implementing innovative technology and with respect to its standardisation of products and processes. However, NLFI was of the opinion that the Issuer needed more time to further develop its strategy and to further strengthen its identity.

Furthermore, NLFI indicated that it is important that the Issuer strives to achieve the objectives it has set, including the intended improvement between costs and income, in order for the Issuer to have a good proposition for privatisation. NLFI concluded that the Issuer needs the time remaining of the original two to three years to create optimal long term value and to complete the transition it started in 2016. As soon as the Issuer is ready for privatisation, NLFI will advise the Minister of Finance accordingly.

On 14 November 2019, the Issuer's future was on the agenda of a general consultation between the Minister of Finance and the financial spokespersons for the political parties in the House of Representatives. The reason for the consultation was the Minister's letter to the House of Representatives about NLFI's progress report 2019 on the Issuer. In the letter, the Minister wrote that a decision with respect to the Issuer's future could not be made at that time based on the NLFI report and market conditions, despite the fact that the three-year period previously indicated had expired. During the consultation, the Minister expressed his intention to present a broader perspective on the diversity of the Dutch banking landscape.

On 30 June 2021, NLFI published a progress report in which it concluded that the Issuer has to be provided scope for implementing the new strategy to demonstrate the new strategy's success to NLFI, regarding which NLFI expressed the expectation that it will take multiple years until the new strategy will entail a structural improvement in the Issuer's financial results.

On 6 July 2021, the Minister of Finance informed the Dutch House of Representatives in a letter about NLFI's most recent progress report of 30 June 2021 and a survey regarding the Issuer's future options. In this progress report NLFI noted that the strategy for 2021-2025 of the Issuer is a fitting response to the challenging market circumstances, but that it will take several years for the (financial) impact of the strategy to become visible. NLFI also noted the uncertainties around the targeted income growth and cost control and will continue to closely monitor implementation of the strategy. All things considered, NLFI concluded that it is still too early for a decision on the privatisation of the Issuer. In this letter to the House of Representatives, the Minister of Finance agreed with NLFI's observations and conclusions. In the survey, the Minister has set out (assessments of) four future options and six (non-exhaustive) governance models with the aim of providing perspectives on how to retain the Issuer's social character when it is privatised or when it remains a state-owned bank.

On 26 January 2022, during a general consultation on State participations, the Minister of Finance mentioned that NLFI had indicated a period of approximately three years before a decision could be taken on the future options for de Volksbank.

Redundancy plan

As part of its strategic plan 2021-2025, the Issuer is introducing a single, uniform agile organisational structure and working method in which independent, fully responsible (customer) teams make up the heart of the organisation. This is expected to lead to products and services becoming available to customers at an earlier point in time and to a stronger customer relationship with both retail customers and SME customers.

This agile organisational structure and working method should lead to a more customer-oriented and more efficient way of working, which is expected to result in a reduction of 400-500 FTE jobs by 2023. The Issuer will assist the employees involved with due care by means of retraining programmes and by helping them move from one job to another as much as possible. A provision was formed in 2020 for this purpose and at year-end 2021 this provision amounted to €47 million. In parallel with this process, new employees having the knowledge and skills needed to implement the strategy have been and will be hired. The first signs of this were visible in 2021. Exactly how many jobs are involved over the next few years partly depends on the growth rate of our business.

Capital distribution
On 16 December 2019, the Issuer announced its proposal to make a capital distribution on top of regular dividend in the amount of €250 million to its shareholder, NLFI. The capital distribution contributes to a more efficient capital position and has a positive effect on the return on equity. The capital distribution occurred in the second half of December 2019 and was charged to the share premium reserve. No capital distribution was made in 2020.

Tier 2 green bond issue
On 15 July 2020, the Issuer issued €500 million of subordinated Tier 2 green bonds. The notes have a term of 10.25 years and a coupon of 1.75%. There was a very strong participation from ESG investors who have a particular focus on sustainable investments and got allocated 73% of the transaction.

Legal merger between the Issuer and SNS FinanCenter B.V.
On 30 December 2020, a legal merger took place between the Issuer and SNS FinanCenter B.V., a mortgage broker. With the completion of this merger, SNS FinanCenter B.V. ceased to exist and all activities of SNS FinanCenter B.V. are continued by the Issuer.

The Issuer participated in the SSM stress test
In 2021, the Issuer participated in the SSM stress test exercise conducted by the ECB. This stress test was conducted in parallel with the EU-wide stress test exercise conducted by the EBA ("**EBA stress test**") and addressed 51 banking groups under the ECB's direct supervision that are not part of the EU-wide EBA stress test. The SSM stress test was performed at the highest level of consolidation and was based on the same methodology as that of the EBA stress test. It did not contain a pass/fail threshold. The stress test assesses the resilience of European banks to extreme but plausible adverse market developments over a period of three years.

Contrary to the EBA stress test results, the results of the SSM stress test are published, although only high-level. Based on the assumptions and methodological restrictions of the stress test's adverse scenario, the Common Equity Tier 1 (CET1) ratio of the Issuer at year-end 2023 would end up in the highest range of ≥ 14%, as used by the ECB, and would remain amply above the SREP CET1 capital ratio requirement of 11.00%. At 31 December 2021, the CET1 capital ratio of the Issuer stood at 22.7%.

Stress test results for all significant institutions are used to assess the pillar 2 capital needs of individual banks in the context of the SSM SREP. As of 1 March 2022, based on the SSM SREP decision of 2021, the Issuer is required to maintain a minimum CET1 ratio of 11.00% (transitional, including the pillar 2 requirement). This CET1 capital requirement also includes the capital conservation buffer of (currently) 2.5%, the buffer for other systemically important institutions of (currently) 1% and a countercyclical capital buffer of 0.01%.

The Issuer's CET1 capital ratio decreased from 31.2% at year-end 2020 to 22.7% at year-end 2021, still. Well above its current internal objective of 19.0% and the 9.69% CET1 overall capital requirement following from the SSM SREP as of 1 March 2022, including applicable buffers.

2021 Annual Results of the Issuer
On 11 February 2022, the Issuer published a press release and financial report regarding its 2021 results on a consolidated basis. The 2021 results included the following highlights.

In 2021, ASN Bank, BLG Wonen, RegioBank and SNS combined welcomed 268,000 new customers. Setting this off against customers who left the bank, the total number of customers rose by 125,000. This was largely attributable to the growth in customers with current accounts and savings deposits.

The Issuer's new residential mortgage production increased to €8.1 billion, from €6.1 billion in 2020 (+33%). The market share of new mortgages increased to 5.8% (2020: 5.0%), reflecting actions to improve our mortgage production. On a total residential mortgage portfolio basis, the market share was lower at 6.1% (2020: 6.2%).

Mortgage repayments amounted to €7.0 billion, up compared with 2020 (€6.5 billion), mainly due to the rising mortgage refinancing volumes. Contractual repayments also gradually increased in line with the changing composition of the mortgage portfolio, reflected in an increase in annuity mortgages. As mortgage production was higher than repayments, the Issuer's mortgage portfolio showed an increase to €48.2 billion compared with €47.8 billion at the end of 2020.

As a result of the high demand for mortgages with a fixed-rate term of 15 years or more, the share of these mortgages in the total portfolio grew to 33% (€15.7 billion), compared with 25% at year-end 2020 (€11.4 billion).

Retail savings at the Issuer rose to €45.6 billion, compared with €42.1 billion at year-end 2020. The Issuer's market share showed an increase to 11.3% (2020: 10.8%).

Compared with 2020, net profit dropped to €162 million (2020: €174 million). Net profit included positive incidental items of €17 million, consisting entirely of a positive revaluation of €22 million before tax of a previous contribution made under the Deposit Guarantee Scheme (DGS) in relation to the insolvency of DSB. In 2020, net profit contained €34 million of negative incidental items, consisting entirely of a restructuring provision of €45 million before tax in connection with the transformation to a new organisational structure and agile way of working.

Net profit, adjusted for incidental items, decreased by €63 million to €145 million (-30%). This drop was mainly attributable to €96 million lower total income. Furthermore, total operating expenses increased by €82 million. This was partly compensated by a €96 million swing in impairment charges of financial assets.

The Return on Equity ("**RoE**") amounted to 4.7%. Excluding incidental items, the adjusted Return on equity stood at 4.2%, down compared to 2020 (6.1%), as a result of a lower net profit. The cost/income ratio (total operating expenses divided by total income) was 80.7%. Adjusted for incidental items, the cost/income ratio was 83.3%, an increase compared with 2020 (65.8%) due to both lower total income and higher operating expenses.

The Issuer's CET1 capital ratio decreased to 22.7%, from 31.2% at year-end 2020, primarily due to an increase in RWA. CET1 capital decreased by €41 million, as net profit retention (adjusted for 60% regular dividend pay-out ratio) was more than offset by a €62 million deduction due to a temporary and voluntary Article 3 CRR add-on, awaiting formal approval from the supervisor on the implementation of a new data warehouse, and by a €23 million decrease of the revaluation reserve.

RWA increased by €3.7 billion, mainly due to the inclusion of a €3 billion temporary and voluntary Article 3 CRR add-on per year-end 2021, related to the pending approval for the use of a new data warehouse. In addition, RWA for exposures to financial institutions and corporates increased by €1 billion and RWA for residential mortgages increased by €0.3 billion due to portfolio growth and the update of our Advanced Internal Ratings Based **("AIRB")** model. The Article 3 CRR add-on per YE20 of €0.6 billion in anticipation of our AIRB model update is no longer applicable.
The pro forma Basel IV fully loaded CET1 capital ratio declined from 24.2% at year-end 2020, to 22.5%, mainly driven by an increase in 2021 in RWA for exposures to financial institutions and corporates.

The CET1 capital ratio remained above the Issuer's target of at least 19%. The total capital ratio was down from 36.1% (at year-end 2020) to 26.3%.

The leverage ratio decreased from 5.2% at year-end 2020 to 5.1%, mainly driven by a decrease in the leverage ratio numerator (i.e. Tier 1 capital) by €41 million. The 5.1% leverage ratio is well above the regulatory requirement of 3.0% and our target of at least 4.5%. Based on our capital targets, the amount of capital required to meet the leverage ratio requirement is higher than the amount required to meet risk-weighted capital requirements. This is the consequence of the bank's focus on residential mortgages, an activity with a low-risk weighting.

The Issuer has set a dividend payout target range of 40% - 60% of net adjusted result. In line with this policy, the Issuer proposes to pay out a dividend of €97 million on the 2021 profit. This corresponds to a pay-out ratio of 60% of net profit.

Strategic Plan 2021-2025

On 12 February 2021, the Issuer published a press release on its new strategic plan for the period 2021-2025. The strategy is intended as a response to developments such as the increasing demand for digitisation in the Issuer's services, intensification of the customer relationship, and the need for cost control and diversification of income in order to alleviate the pressure that the sustained low interest rate environment exerts on the Issuer's returns.

The strategy builds on two pillars of growth: customer relationship and social impact:

- The strategy aims for growth by strengthening the customer relationship and further increasing the social impact;
- In the new strategy, the Issuer assigns growth priority to the four strong, distinctive bank brands SNS, ASN Bank, RegioBank and BLG Wonen;
- The Issuer will expand its services to SME business owners;
- The Issuer will broaden its range of products and services to become more relevant to customers; and
- The services the Issuer provides through the four bank brands are always personal and nearby with digital services and shops.

Part of the strategy is an organisational change: through the implementation of five transformations, the Issuer should become faster, more digital and more agile:

- The fine-tuned strategy is intended to make the Issuer faster, more digital and more agile;
- The Issuer is introducing a single, uniform agile organisational structure and working method with independent, fully responsible (customer) teams;
- This agile organisational structure and working method, will result in a more customer-oriented, and more efficient operation, which is expected to reduce the number of jobs within the Issuer by 400-450 in the next three years;
- New jobs will be created in parallel with this and depending on the growth rate, which means that new employees will join the Issuer in the next few years. To this end new employees will be recruited with the knowledge and skills required for the new strategy. The Issuer's current employees are given the opportunity to develop in this; and
- An Executive Committee has been formed for a successful implementation of the strategy.

Finally, the Issuer has defined quantitative objectives for 2025 for each of its four stakeholders, customers, society, employees and shareholder, as well as minimum capitalisation objectives.

Green senior non-preferred notes issue

On 24 February 2021, the Issuer successfully issued its first senior non-preferred notes, also the first issuance under its newly updated Green Bond Framework 2021, aligned with the EU Green Bond Standard. These senior non-preferred notes, totalling €500 million, have a term of seven years and a coupon of 0.375%. On 15 June 2021, the Issuer again issued €500 million of senior non-preferred notes. These notes have a term of five years and a coupon of 0.25%.

Changes to the Board of Directors
On 15 April 2021, in an extraordinary general meeting of shareholders, John Reichardt was appointed as a member of the Board of Directors as well as Chief Financial Officer ad interim. This appointment has been approved by the supervisory authorities. John Reichardt joined the Board of Directors as of 15 April 2021. John Reichardt has decided to step down as Chief Financial Officer ad interim of the Issuer as of 30 December 2021.

Changes to the Supervisory Board
On 21 April 2021, the general meeting of shareholders of the Issuer was held. On this day, the terms of office of Monika Milz and Sonja Barendregt-Roojers as members of the Supervisory Board expired in conformity with the rotation schedule. Both Supervisory Board members have indicated not to be available for reappointment.

On 13 August 2021, on the recommendation of the Supervisory Board, NLFI has appointed Gerard van Olphen as Chairman of the Supervisory Board with effect from 13 August 2021. Gerard van Olphen's appointment has been approved by the supervisory authorities and his term of office will run until the general meeting of shareholders of 2025. Gerard van Olphen succeeded Jan van Rutte who, on 11 March 2021, announced to step down early as Chairman of the Supervisory Board as soon as a successor had been appointed.

On 20 September 2021, upon the nomination by the Supervisory Board, NFLI has appointed Jeanine Helthuis and Petra van Hoeken to the Supervisory Board with effect from 20 September 2021. Jeanine Helthuis was nominated for appointment by the works council of the Issuer under its reinforced right of recommendation. Their term of office will run until the general meeting of shareholders of 2025. The appointments have been approved by the supervisory authorities. The Supervisory Board is now at full strength, and presently consists of Gerard van Olphen (Chairman), Jeanine Helthuis, Petra van Hoeken, Aloys Kregting and Jos van Lange.

Minimum requirement for own funds and eligible liabilities (MREL)
The BRRD and the SRM Regulation resulted in the introduction of MREL as a buffer to absorb losses. This buffer applies in addition to the capital ratios under the capital requirements regulations (CRD) that the Issuer has to adhere to. The MREL is institution-specific and set in respect of the Issuer by the Single Resolution Board. On 10 May 2021, the Issuer received the MREL requirements to be met as from 1 January 2022 and as from 1 January 2024. The Issuer has to meet an MREL of 7.87% of the LRE as from 1 January 2022. As a binding intermediate MREL target, the Issuer has to meet an MREL of 6.55% of the LRE with subordinated instruments (Tier 1 capital, Tier 2 capital and senior non-preferred notes) as from 1 January 2022. As from 1 January 2024, the 7.87% MREL has to be fully met with subordinated instruments. The Issuer has to meet a risk-weighted MREL of 23.28% of RWA as from 1 January 2022. As from 1 January 2022, the Issuer has to meet an MREL of 13.5% of RWA with subordinated instruments. The risk-weighted MREL of 23.28% has to be fully met with subordinated instruments as from 1 January 2024. Capital used to meet the risk-weighted MREL requirements cannot be used to meet the combined buffer requirement. For the Issuer, the non-risk-weighted MREL requirements are more restrictive than the risk-weighted MREL requirements.

Acquisition of Fitrex B.V.
On 1 September 2021, the Issuer announced the acquisition of 90% of the shares of property valuation platform Fitrex B.V. Through the acquisition, the Issuer expands its services with a complementary service in its core activity 'housing', thus contributing to income diversification.

Board dynamics
On 18 February 2021, the Issuer published a press release regarding the 'Working with a Human Touch' survey report drafted by Paul Nobelen and Gerrard Boot, an independent survey into the board dynamics of the Issuer. The report contains the results of the survey of the functioning of the Board of Directors, the interaction between the Board of Directors and the Supervisory Board and their members, especially in the period from January to August 2020, and all that the researchers considered relevant in this respect. The researchers were asked to pay attention to why members of the Board of Directors were apparently experiencing insufficient openness and safety to express any divergent opinions and whether any intimidating or other inappropriate behaviour had taken place. NLFI fulfilled a monitoring role in this process.

Revolving customer credit compensation scheme
On 22 December 2021, the Issuer published a press release regarding a compensation scheme for customers with a revolving consumer credit. The Issuer will compensate retail customers of SNS Bank and Regiobank who paid too much interest on their revolving consumer credit during the life of this facility. An investigation by the Issuer revealed that although the interest charged generally remained in line with market rates, some of its customers paid too much interest. The Issuer will work out the compensation scheme in consultation with the Dutch Consumers' Association (Consumentenbond). SNS Bank or RegioBank customers and former customers eligible for compensation will receive more information in the first quarter of 2022. The Issuer has made a provision for the compensation scheme and costs of executing the scheme in the amount of €15 million.

Impact geopolitical situation Ukraine
In February 2022, in response of the breach of the Ukrainian sovereignty, various sanctions are issued against Russia and Belarus. The Issuer does not have direct exposure in Ukraine, Russia or Belarus nor does the Issuer has a material indirect exposure to these countries. The economic consequences of the situation in the Ukraine on the Issuer are difficult to estimate.

Appointment CTO and CIO
On 1 April 2022, the Issuer published a press release stating that the Board of Directors has appointed Marjolein de Jongh and Michel Ruijterman as members of the Executive Committee. Following approval from the Supervisory Board, they have been appointed as Chief Transformation Officer (CTO) and Chief Information Officer (CIO), respectively.

Legal proceedings

The Issuer and its subsidiaries are and may become from time-to-time involved in governmental, legal and arbitration proceedings that relate to claims by and against it which ensue from its normal business operations. The overview below concerns the legal proceedings that may have or have had a significant effect on the Issuer and/or its group's financial position or profitability.

Madoff
In 2010, liquidators of three Madoff-feeder funds (the "**Feeder Funds**") initiated legal proceedings in New York against, amongst others, the custody entity of the Issuer, SNS Global Custody, and its clients as former beneficial owners of investments in these funds. They claim repayment of payments made by the Feeder Funds for redemptions of investments by these beneficial owners. A similar proceeding was initiated by one of these funds against SNS Global Custody and other defendants in the British Virgin Islands (the "**BVI**"), which proceedings have ended in favour of SNS Global Custody. In line with these lawsuits, Bernard Madoff's trustee has also initiated proceedings in New York against, amongst others, the Issuer and SNS Global Custody.
The status of the aforementioned proceedings in New York (in which many financial institutions worldwide are sued in similar proceedings) is as follows:

- Fairfield Funds: In April 2019, the New York bankruptcy court dismissed all claims brought by the Fairfield Funds liquidators against SNS Global Custody except for claims under the BVI Insolvency Act. The Fairfield Funds liquidators have appealed that ruling to the New York district court. A decision is expected in the coming months. In the meantime, the Fairfield Funds liquidators have filed an amended complaint against SNS Global Custody in the New York bankruptcy court with respect to their BVI Insolvency Act claims. On 14 December 2020 the bankruptcy court issued a decision, in favour of SNS Global Custody. Fairfield Funds Liquidators have appealed to the district court against the bankruptcy court's decision.

- Madoff Trustee: In November 2016, the New York bankruptcy court issued a decision that resulted in the dismissal of all claims asserted by the Madoff trustee against the Issuer and SNS Global Custody. The Madoff trustee appealed this decision to the Second Circuit Court of Appeals, which overturned the bankruptcy court's decision in February 2019. A request by a group of defendants, including the Issuer and SNS Global Custody, to the U.S. Supreme Court to hear an appeal of the Second Circuit's decision has been declined. The case will be referred back to the Bankruptcy Court for further proceedings. The exact timeline and process of these proceedings are still to be determined.

As the outcomes of these legal proceedings cannot be predicted with certainty, it cannot be ruled out that a negative outcome may have a material negative financial impact on the capital position, results and/or cash flows of the Issuer.

Proceedings following the nationalisation

- ***General***

Various former holders of the in 2013 expropriated securities and capital components have initiated legal proceedings to seek compensation for damages. At the time that the 2021 financial statements were drawn up and at the date hereof, no court proceedings had (yet) been initiated against the Issuer other than those stated below. Currently, it is not possible to make an estimate of the probability that possible legal proceedings of former holders or other parties affected by the nationalisation may result in a liability of the Issuer, or the level of the financial impact on the Issuer. For this reason, at the time that the 2021 financial statements were drawn up, no provisions were made in respect of possible legal actions by former holders concerning the expropriated securities and capital components and other affected parties. As the outcomes of possible legal proceedings cannot be predicted with certainty, it cannot be ruled out that a negative outcome may have a material negative financial impact on the capital position, results and/or cash flows of the Issuer.

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

In November 2014, the Dutch Investors' Association (*Vereniging van Effectenbezitters*; "**VEB**") filed a petition with the Enterprise Chamber for an inquiry into the management of SRH (formerly SNS REAAL), the Issuer and Propertize (formerly SNS Property Finance) for the period 2006 – present. SRH, the Issuer and Propertize disputed the authority to file a petition for an inquiry. The Enterprise Chamber granted (after remission by the Supreme Court) the request related to SRH and the Issuer and rejected the request related to Propertize. On 26 July 2018 the Enterprise Chamber granted an inquiry on eight topics into the management and course of events at SRH (formerly SNS REAAL) and the Issuer in the period of 1 July 2006 until 1 February 2013.The Enterprise Chamber appointed three investigators. Their final report was published on 27 July 2021. On 27 September 2021 the VEB thereupon requested the Enterprise Chamber in a subsequent procedure to establish mismanagement ("*wanbeleid*") of SRH and the Issuer in the period of 1 July 2006 until 1 February 2013. SRH and the Issuer filed their statement of defense on 27 January 2022. On 17 February 2022, an oral hearing has taken place. The Enterprise Chamber is expected to give his judgment on in the summer of 2022.

- ***Guarantees pursuant to Article 2:403 of the Dutch Civil Code for Propertize***

In the context of the transfer of the shares of SNS Property Finance B.V. (currently Propertize) to NLFI in 2013, the Issuer has withdrawn the 403-guarantee for Propertize. This withdrawal has become irrevocable for all creditors, with the exception of Commerzbank.

- ***Other proceedings relevant to de Volksbank***

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

This applies to the compensation proceedings before the Enterprise Chamber initiated by former holders of expropriated securities and capital components of SRH and the Issuer. Following initial proceedings leading to a Supreme Court ruling on the basic principles for the assessment of the value of the expropriated securities and capital components, the Enterprise Chamber has appointed three experts. The experts presented their first report on 27 April 2018. Following comments from the parties to the proceedings and a new ruling by the Enterprise Chamber, the experts produced an additional report in September 2019 to which parties to the proceedings were entitled to respond until the beginning of November 2019 at the latest, after which the experts filed their final report on 21 November 2019 with the Enterprise Chamber. The Enterprise Chamber delivered its judgment on 11 February 2021 and ruled that the securities and other assets of the Issuer and SRH expropriated on 1 February 2013 (nationalisation date) had a total value of €804,810,000 excluding interest. The Dutch State lodged an appeal in cassation at the Supreme Court against this verdict. The Supreme Court judgment is expected in 2022. If the Supreme Court will rule that a compensation has to be paid, the Dutch State will have to pay it.

SELECTED FINANCIAL INFORMATION

The Issuer's publicly available financial statements and auditor's report for the years ended 31 December 2021 (set forth on pages 145 up to and including 210 (financial statements) and pages 215 up to and including 223 (auditor's report) of its 2021 annual report) and 31 December 2020 (set forth on pages 127 up to and including 190 (financial statements) and pages 195 up to and including 202 (auditor's report) of its 2020 annual report) are incorporated by reference into this Prospectus. The information contained in this section of this Prospectus is derived from the publicly available 2021 and 2020 annual reports.

The financial data in the table below marked with an asterisk (*) have not been directly extracted from the audited consolidated financial statements but instead are derived from other accounting records of de Volksbank.

Key Figures of the Issuer (on a consolidated basis)

(amounts in millions of EUR)	**31-12-2021**	**31-12-2020**
Total assets	72,081	67,484
Loans and advances to customers	50,727	50,542
of which mortgage loans	48,091	47,697
Amounts due to customers	58,128	53,653
of which savings	45,646	42,111
Equity distributable to Shareholders	3,486	3,450
Total capital	3,682	3,734
Common Equity Tier 1 ratio*	22.7%	31.2%
Tier 1 ratio*	22.7%	31.2%
Total capital ratio*	26.3%	36.1%
Net interest income	775	850
Other income	52	73
of which net commission and management fees	39	46
Net profit / loss	162	174
(-) Incidental items*	17	-34
Adjusted Net Profit / loss*	145	208
Branches in numbers*	667	688
Employees in numbers (fte's, ultimo)*	3,178	3,171
	3,171	2,991

Capitalisation of the Issuer

The following table sets forth the capitalisation and long-term indebtedness of the Issuer on a consolidated basis:

(amounts in millions of EUR)	**31-12-2021**	**31-12-2020**
Short-term debt (remaining terms to maturity up to and including five years)		
- Savings	44,339	40,787
- Other amounts due to customers	10,502	9,418
- Derivatives	531	764
- Debt certificates	3,091	1,986
- Amounts to banks	1,004	882
- Subordinated debts	500	500
- Other liabilities	424	596
Total short-term debt	**60,391**	**54,933**
Long-term debt (remaining terms to maturity over five years)		
- Savings	1,305	1,324
- Other amounts due to customers	1,981	2,123
- Derivatives	482	1,399
- Debt certificates	4,311	4,133
- Amounts due to banks	55	63
- Other liabilities and deferred tax liabilities[8]	70	58
Total long-term debt	**8,204**	**9,100**
- Savings	45,645	42,111
- Other amounts due to customers	12,482	11,541
- Derivatives	1,013	2,163
- Debt certificates	7,402	6,119
- Amounts due to banks	1,059	945
- Subordinated debts	500	500
- Other liabilities and provisions	493	655
Total debt	**68,595**	**64,033**
Total equity and debt	**72,081**	**67,484**

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

Share Capital*	381	381
Cash Flow Hedge Reserve	19	22
Fair Value reserve	11	29
Other Reserves	2,913	2,844
Retained Earnings	162	174
Total equity	**3,486**	**3,450**

Financial Year

8 Long-term debt Other liabilities includes liabilities for which the contractual maturity was not determined of €52 million (2020 €70 million).

The financial year of the Issuer is the calendar year.

Independent Auditor

The consolidated financial statements of the Issuer for 2021 and 2020 have been audited by Ernst & Young. The independent auditor has given an unqualified opinion for each of these years.

Summary Consolidated Accounts

The 2021 and 2020 financial statements of the Issuer have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

Consolidated Statement of Financial Position

In € millions	31-12-2021	31-12-2020
Assets		
Cash and cash equivalents	10,296	4,672
Derivatives	591	864
Investments	5,638	5,113
Loans and advances to banks	4,527	5,990
Loans and advances to customers	50,727	50,542
Tangible and Intangible assets	93	110
Tax assets	39	42
Other assets	170	151
Total assets	**72,081**	**67,484**
Equity and liabilities		
Savings	45,646	42,111
Other amounts due to customers	12,482	11,541
Amounts due to banks	1,059	945
Debt certificates	7,402	6,119
Derivatives	1,013	2,163
Deferred tax liabilities	9	17
Other liabilities	382	558
Provisions	102	80
Subordinated debts	500	500
Share capital	381	381
Other reserves	2,943	2,895
Retained earnings	162	174
Shareholders' equity	3,486	3,450
Total equity and liabilities	**72,081**	**67,484**

Consolidated Profit And Loss Account

In € millions	2021	2020
Income		
Interest income	1,043	1,148
Interest expense	268	298
Net interest income	775	850
Fee and commission income	137	121
Fee and commission expense	98	75
Net fee and commission income	39	46
Investment income	3	17
Result on financial instruments	10	9
Other operating income	--	1
Total income	**827**	**923**
Expenses		
Staff costs	414	427

Depreciation and amortisation of tangible and intangible assets	20	29
Other operating expenses	233	196
Impairment charges	-58	38
Other expenses	--	--
Total expenses	**609**	**690**
Result before taxation	**218**	**233**
Taxation	56	59
Net result for the financial year	**162**	**174**
Attributable to: the shareholder of the parent company	162	174

Consolidated cash flow statement

In € millions	**2021**	**2020**
Cashflow from operating activities		
Result before taxation	218	233
Adjustments for:		
Depreciation and amortisation of tangible and intangible assets	23	28
Changes in other provisions and deferred tax	27	38
Impairment charges and reversals	(58)	38
Unrealised results on investments through profit and loss	201	(84)
Tax paid	(53)	(2)
Change in operating assets and liabilities		
Change in advances and liabilities to customers	756	819
Change in advances and liabilities to banks	1,577	(1795)
Change in derivatives assets and liabilities	(877)	176
Change in savings	3,535	3,707
Change in trading portfolio	--	10
Change in other operating activities	(50)	3
Net cashflow from operating activities	**5,299**	**3,171**
Cashflow from investing activities		
Sale of property and equipment and intangible assets	4	6
Sale and redemption of investments	1,082	2,933
Purchase of intangible assets	(6)	--
Purchase of property and equipment	(10)	(12)
Purchase of investments	(1,750)	(2,675)
Net cashflow from investing activities	**(680)**	**252**
Cashflow from financing activities		
Issue of subordinated loans	-	498
Issuances of debt certificates	1,992	1,828
Redemption of subordinated loans	-	(498)
Redemption of debt certificates (703)		(2,591)
Redemption of lease liabilities	(15)	(14)
Paid dividends	(269)	--
Net cashflow from financing activities	**1,005**	**(777)**
Net increase of cash and cash equivalents	**5,624**	**2,646**
Cash and cash equivalents as at 1 January	4,672	2,026

Change in cash and cash equivalents	5,624	2,646
Cash and cash equivalents as at 31 December	**10,296**	**4,672**
Additional disclosure with regard to cashflows from operating activities		
Interest received	1,308	1,418
Dividends received	--	--
Interest paid	194	374

Capitalisation

in € millions	**2021**	**2020**
Capital instruments	381	381
Share premium	3,537	3,537
Retained earnings	162	174
Accumulated other comprehensive income (OCI)	30	51
Other reserves	(624)	(693)
Shareholders' equity	**3,486**	**3,450**
Non-eligible interim profits	(124)	(131)
Non-eligible previous years' retained earnings	--	--
Shareholders' equity for CRD IV purposes	**3,362**	**3,319**
Cashflow hedge reserve	(19)	(22)
Other prudential adjustments	(3)	(4)
Total prudential filters	**(22)**	**(26)**
Intangible assets	(6)	--
IRB shortfall[1]	(74)	--
Additional deductions of CET1 Capital due to Article 3 CRR	(78)	(70)
Total capital deductions	**(158)**	**(70)**
Total regulatory adjustments to shareholders' equity	**(180)**	**(96)**
CRD IV CET 1 capital	**3,182**	**3,223**
Additional Tier 1 capital	**--**	**--**
Tier 1 capital	**3,182**	**3,223**
Eligible Tier 2	500	500
IRB Excess[1]	**--**	**11**
Tier 2 capital	**500**	**511**
Total capital	**3,682**	**3,734**

(1) The IRB shortfall/excess is the difference between the expected loss under the CRR/CRD IV directives and IFRS mortgage provision.

ADDITIONAL FINANCIAL INFORMATION

Working Capital

The Issuer and its consolidated subsidiaries are of the opinion that its working capital is sufficient for their present requirements, that is for at least a period of twelve months following the date of this Prospectus.

The Issuer's current own funds are sufficient to comply with all own funds requirements applicable to it. The Issuer currently complies with the applicable liquidity requirements as set out in the CRR. The Issuer's current liquidity position is sufficient to comply with all liquidity requirements applicable to it.

CAPITALISATION

The table below sets forth de Volksbank N.V.'s consolidated capitalisation as of 31 December 2021. The information set out below is audited. There has been no material change since the last published financial information in respect of capitalisation since 31 December 2021.

Capitalisation

	As at 31 December 2021
	(in € millions
Total current debt (maturity up to one year)	*732*
of which: secured[(1)]	*0*
of which: unsecured[(2)]	*732*
of which: subordinated debt	*0*
Total non-current debt (excluding current portion of long-term debt)	*7,170*
of which: secured[(3)]	*4,519*
of which: unsecured[(4)]	*2,151*
of which: subordinated debt	*500*
Equity:	
Issued share capital	*381*
Share Premium	*3,537*
Other reserves (incl. retained earnings/profit for the period)	*(432)*
Shareholders' equity	*3,486*
Total Capitalisation	***11,388***

(1) Total of senior secured notes and securitisations with a remaining maturity up to one year.

(2) Total of senior unsecured notes, commercial paper/certificates of deposit and saving certificates, all with a remaining maturity up to one year.

(3) Total of senior secured notes and securitisations with a remaining maturity of more than one year.

(4) Total of senior unsecured notes and saving certificates and subordinated debt, all with a remaining maturity of more than one year.

Description of alternative performance measures

This section provides further information relating to alternative performance measures ("**APMs**") for the purposes of the European Securities and Markets Authority ("**ESMA**") Guidelines on Alternative Performance Measures (the "**APM Guidelines**"). Certain of the financial measures used by the Issuer and included in this Prospectus can be characterized as APMs. The Issuer believes that these APMs provide useful insights for investors in the performance of the Issuer.

As a result, the APMs are included in this Prospectus to allow prospective Holders to better assess the Issuer's performance and business and are set out below further clarifications as to the meaning of such measures (and any associated terms). The APMs set out in this section have not been audited.

	FY 2021	H1 2021	FY 2020	H1 2020
Loan-to-deposit ratio, %.....	86	87	92	96

The ratio expresses de Volksbank's dependency on wholesale funding. If the ratio exceeds 100%, wholesale funding is required to fund the loan portfolio. If the ratio is below 100%, customer deposits are sufficient to fund de Volksbank's loan portfolio. Loan-to-deposit ratio is calculated as retail loans divided by retail funding. Retail loans represent the book value of mortgages (excluding IFRS value adjustments from hedge accounting and amortisations) and other loans and advances to customers (adjusted for "loans and advances to customers" entered into by Volksbank Financial Markets. Retail funding represents the sum of the book value of savings and other amounts due to customers (adjusted for "other amounts due to customers" entered into by Volksbank Financial Markets).

	FY 2021	H1 2021	FY 2020	H1 2020
Loans in arrears, %	0.7	0.8	1.2	1.3

The loans in arrears ratio is the percentage of loans in arrears in relation to the total loan portfolio. This ratio is calculated carrying amount of retail mortgage loans in arrears by total retail mortgage loans on a gross carrying amount and excluding IFRS value adjustments.

	FY 2021	H1 2021	FY 2020	H1 2020
Stage 3 ratio retail mortgages, %.....	1.1	1.1	1.2	1.2

Stage 3 ratio is the stage 3 mortgage loans expressed as a percentage of total loans retail mortgages.

	FY 2021	H1 2021	FY 2020	H1 2020
Stage 3 coverage ratio retail mortgages, %.....	3.2	7.5	6.4	9.3

Coverage ratio gives the coverage of the specific provision formed in relation to the impaired defaulted loans, expressed as a percentage. This ratio is calculated by dividing the specific provision by the gross carrying amount of impaired default loans.

	FY 2021	H1 2021	FY 2020	H1 2020
Cost of risk total loans, % …….	-0.12	-0.13	0.08	0.18

Risk costs measure the total costs (losses, risk control costs, risk financing costs, and administration costs) associated with the risk management function in relation to the loan portfolio. This ratio is calculated by dividing annualised IFRS impairment charges on loans and advances by average total gross outstanding loans. Average gross outstanding loans is calculated by the average month-end retail mortgages over the period based on a gross carrying amount

excluding IFRS value adjustments. Annualised impairment charges are calculated by extrapolating of impairment charges to a full year.

	FY 2021	H1 2021	FY 2020	H1 2020
Net interest margin, % ……..	1.11	1.14	1.30	1.35

Net interest margin measures net interest income as a percentage of interest-earning assets. This ratio is calculated by dividing annualised net interest income by average assets. Average assets is calculated by the average month-end total assets over the reporting period. Annualised net interest income (NII) is calculated by extrapolating (the month sec, quarterly sec or year-to-date) of NII to a full year.

	FY 2021	H1 2021	FY 2020	H1 2020
Cost/income ratio, % ……..	80.7	77.2	70.6	60.8

The cost/income ratio, which measures operating expense as a percentage of operating income, is used to highlight efficiency and productivity for banks. Lower ratios generally indicate higher efficiency. This ratio is calculated by dividing operational expenses - excluding the impact of regulatory levies, consisting of resolution fund contribution, ex ante DGS contribution and banking tax- by total income. Adjustments for the regulatory levies are made because the bank has very limited possibilities to influence these costs in contrast to other cost categories. Therefore, including these costs does not contribute to the objective of this ratio, to provide insight in the efficiency and productivity of the bank. Furthermore, the DGS and SRF contributions are of a temporary nature. Once the target size of these funds has been reached, the contributions are expected to be greatly reduced.

	FY 2021	H1 2021	FY 2020	H1 2020
Return on Equity, % ……	4.7	5.5	5.1	6.2

Return on equity measures the ability of generating profits from the shareholders investments. This ratio is calculated by dividing annualised IFRS net result by average equity. Average equity is calculated by the average month-end total equity over the reporting period. Annualised net result is calculated by extrapolating of net result to a full year.

	FY 2021	H1 2021	FY 2020	H1 2020
Dividend pay-out ratio, % …….	60	n/a	60	n/a

The dividend payout ratio is the fraction of net result for a period to be paid to the Group's shareholders in dividends and is based on net profit attributable to shareholders of the Group.

CAPITAL POSITION AND REQUIREMENTS

With effect from 11 March 2022, de Volksbank is required to meet a total capital ratio of at least 14.5% (Overall Capital Requirement, OCR) at prudential consolidated level, of which at least 11.00% CET1 capital. This requirement ensues from the Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2021 and follows from the SREP decision with effect from 1 March 2022.

The OCR is defined as the level at which the maximum distributable amount of dividend (Maximum Distributable Amount, **MDA**) is curtailed by regulations. The OCR includes the Pillar 1 capital requirement (**P1R**) of 8.0%, the Pillar 2 requirement (**P2R**) of 3.0% (together the Total SREP Capital Requirement, TSCR) and the Combined Buffer Requirement (**CBR**) of 3.5%. In that context, any shortfall in Pillar 1 and Pillar 2 requirement components which would otherwise be made up of Additional Tier 1 capital according to CRR (**AT1**) or Tier 2 up to their respective limits would have to be met with CET1 for an AT1 shortfall and AT1 or CET1 for a Tier 2 shortfall in order to avoid a breach of the Maximum Distributable Amount.

The CBR, to be held in the form of CET1 capital, consists of a capital conservation buffer, of 2.5% for Other Systemically Important Institutions (O-SII buffer1) of 1.0%. The countercyclical capital buffer for exposures to Dutch counterparties is currently 0%. This buffer is intended to protect banks against risks arising when credit growth is excessive. Each quarter DNB sets the level of the buffer for the Netherlands, which, in principle, varies from 0% to 2.5%. The DNB announced in May 2022 an increase in the countercyclical capital buffer from 0% to 1% applicable from 25 May 2023 resulting in Issuer's countercyclical capital buffer increasing by 0.9%.

For the MDA calculation, the applicable P1R, P2R and CBR are taken into account. Consequently, based on the Issuer's reported capital ratios, the MDA buffers as at 31 December 2021 are described in the table below (*Source*: de Volksbank's 2021 annual report).

The financial data in the table below marked with an asterisk (*) have not been directly extracted from the audited consolidated financial statements but instead are derived from other accounting records of de Volksbank.

	As at 31 December 2021		
	CET1	**Tier 1**	**Total Capital**
MDA Threshold*	11.39%	11.39%	14.01%
Capital Ratio*	22.74%	22.74%	26.31%
RWA (€m)	13,993	13,993	13,993
MDA Buffer (%)*	11.35%	11.35%	12.30%
MDA Buffer (€m)*	1,589	1,589	1,721

	As at 31 December 2021 (reconciled for EUR 300 million AT1 transaction)		
	CET1	**Tier 1**	**Total Capital**
MDA Threshold*	9.42%	11.39%	14.01%
Capital Ratio*	22.74%	24.88%	28.46%
RWA (€m)	13,993	13,993	13,993
MDA Buffer (%)*	13.32%	13.50%	14.45%
MDA Buffer (€m)*	1,864	1,889	2,021

Finally, de Volksbank has indicated a CET1 ratio target of at least 19%, Basel IV fully loaded, which includes Pillar 2 Guidance and an appropriate management buffer above regulatory

requirements. As at 31 December 2021, the estimated fully-loaded Basel IV CET1 ratio was around 22.5%.

Available distributable items (ADI) of the Issuer as at 31 December 2021 amount to EUR 3,075 million (*Source*: de Volksbank N.V.'s 2021 annual report).

TAXATION

The following is a general description of certain Dutch tax considerations relating to the Capital Securities. It does not purport to be a complete analysis of all tax considerations relating to the Capital Securities whether in those countries or elsewhere. Prospective purchasers of Capital Securities should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the Dutch tax laws of acquiring, holding and disposing of Capital Securities and receiving payments of interest, principal and/or other amounts under the Capital Securities. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Also, investors should note that the appointment by an investor in Capital Securities, or any person through which an investor holds Capital Securities, of a custodian, collection agent or similar person in relation to such Capital Securities in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

THE NETHERLANDS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Capital Securities, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a Holder, being an individual or a non-resident entity, neither has nor will have a substantial interest (aanmerkelijk belang), or - in the case of the Holder being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the Holder has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) the individual, either alone or together with his partner, directly or indirectly has or is deemed to have or (b) certain relatives of the individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Generally, an entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate income tax purposes or would be taxable as a corporation for Dutch corporate tax purposes in case such corporation or other

person would be or would be deemed to be tax resident in the Netherlands for Dutch corporate tax purposes.

Where this summary refers to a Holder, an individual holding Capital Securities or an entity holding Capital Securities, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Capital Securities or otherwise being regarded as owning Capital Securities for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Where this summary refers to Capital Securities, such reference includes Coupons.

Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of Capital Securities.

1. WITHHOLDING TAX

All payments of principal and interest by the Issuer under the Capital Securities can be made without withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, save that Dutch withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer if such entity (i) is considered to be resident (*gevestigd*) in a jurisdiction that is listed in the annually updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation for another person, or (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another (lower tier) entity as the recipient of the interest (a hybrid mismatch), (v) is not resident anywhere (also a hybrid mismatch), or (vi) is a reverse hybrid whereby the jurisdiction of residence of a participant that has a qualifying interest (*kwalificerend belang*) in the reverse hybrid treats the reverse hybrid as tax transparent and that participant would have been taxable based on one (or more) of the items in (i)-(v) above had the interest been due to him directly, all within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) and provided that the Capital Securities do not qualify as debt effectively functioning as equity within the meaning of Article 10, paragraph 1, sub d, of the Dutch Corporate Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

2. TAXES ON INCOME AND CAPITAL GAINS

Resident entities

An entity holding Capital Securities which is or is deemed to be resident in The Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to Dutch corporate tax in respect of income or a capital gain derived from the Capital Securities at the prevailing statutory rates (up to 25.8% in 2022).

Resident individuals

An individual holding Capital Securities who is or is deemed to be a resident in The Netherlands for Dutch income tax purposes will generally be subject to Dutch income tax in respect of income or a capital gain derived from the Capital Securities at the prevailing statutory rates (up to 49.50% in 2022) if:

(a) the income or capital gain is attributable to an enterprise from which the Holder derives profits (other than as a shareholder); or

(b) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (a) nor (b) applies, the individual will generally be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Capital Securities. For 2022, the deemed return ranges from 1.82% to 5.53% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Capital Securities). The applicable percentages will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at the prevailing statutory rate (31% in 2022). Based on a decision of the Dutch Supreme Court (*Hoge Raad*) of 24 December 2021 (ECLI:NL:HR:2021:1963), the current system of taxation based on a deemed return may under specific circumstances contravene with Section 1 of the First Protocol to the European Convention on Human Rights in combination with Section 14 of the European Convention on Human Rights. At the date of this Prospectus, no legislative changes have been proposed, however, the Dutch State Secretary for Tax Affairs and Tax Administration has announced that the system of taxation based on a deemed return will be amended.

Non-residents

A Holder which is not and is not deemed to be resident in The Netherlands for the relevant tax purposes will not be subject to Dutch taxation on income or a capital gain derived from the Capital Securities unless:

(b) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the Holder derives profits from such enterprise (other than by way of the holding of securities); or

(c) the Holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

3. GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Capital Securities by way of gift by, or on the death of, a Holder, unless:

(a) the Holder is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions; or

(b) the transfer is construed as an inheritance or gift 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 for the purpose of the relevant provisions.

4. VALUE ADDED TAX

There is no Dutch value added tax payable by a Holder in respect of payments in consideration for the issue of the Capital Securities, payments of principal or interest under the Capital Securities or payments in consideration for a disposal of Capital Securities.

5. OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a Holder in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Capital Securities or the performance of the Issuer's obligations under the Capital Securities.

6. RESIDENCE

A Holder will not be and will not be deemed to be resident in The Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Capital Securities or the execution, performance, delivery and/or enforcement of Capital Securities.

SUBSCRIPTION AND SALE

Goldman Sachs Bank Europe SE, ING Bank N.V., Morgan Stanley Europe SE, Société Générale and UBS AG London Branch (the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 13 June 2022 (the "**Subscription Agreement**"), jointly and severally agreed with the Issuer upon the terms and subject to the satisfaction of certain conditions, to subscribe the Capital Securities at an issue price of 100% of their principal amount. The Issuer will pay a combined selling, management and underwriting commission, will reimburse the Joint Lead Managers in respect of certain of their expenses and has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Capital Securities. The Subscription Agreement may be terminated in certain circumstances prior to the closing of the issue of the Capital Securities.

Some of the Joint Lead Managers and their respective 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 the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective 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 or its affiliates. The Joint Lead Managers and their respective 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.

SELLING RESTRICTIONS

United States

The Capital Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the previous sentence have the meanings given to them by Regulation S under the Securities Act.

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in the previous sentence have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that it will not offer, sell or deliver the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date (the "Resale Restriction Termination Date") and it will have sent to each dealer to which it sells Capital Securities prior to the Resale Restriction Termination Date a confirmation or other notice setting forth the restrictions on offers and sales of the Capital

Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Capital Securities within the United States by a 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 an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 of England and Wales (the "**FSMA**") received by it in connection with the issue or sale of any Capital Securities in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

Japan

The Capital Securities 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 "**FIEA**") and, accordingly, each Joint Lead Manager has represented and agreed that it will not offer or sell any Capital Securities directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, **resident of Japan** means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the EEA or anywhere in the world. For the purposes of this provision, the expression retail investor means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of **EU MiFID II**; or

(b) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or

(c) not a qualified investor as defined in the EU Prospectus Regulation.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Capital Securities to any retail investor in the United Kingdom.

For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

General

Each of the Joint Lead Managers has represented and agreed that (to the best of its knowledge and belief) it will comply with all applicable laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers any Capital Securities or any interest therein or possesses or distributes this Prospectus or any other offering material relating to the Capital Securities and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of any Capital Securities 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 Manager shall have responsibility therefore. In addition, each Joint Lead Manager has represented and agreed that it will not directly or indirectly offer, sell or deliver any Capital Securities or distribute or publish this Prospectus or any other offering material relating to the Capital Securities in or from any jurisdiction except under circumstances that will not impose any obligations on the Issuer or any other Joint Lead Managers.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the issue and performance of the Capital Securities. The creation and issue of the Capital Securities was authorised by resolutions of the statutory board and the supervisory board of the Issuer passed in The Netherlands on 22 February 2022 and 9 March 2022, respectively.

Legal Entity Identifier

The LEI is 724500A1FNICHSDF2I11.

Approval, Admission to Trading and Listing

Application has been made to the AFM to approve this document as a prospectus. Application has also been made to list the Capital Securities on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange is a regulated market for the purposes of EU MIFID II.

The costs to the Issuer in connection with the listing of the Capital Securities on the Luxembourg Stock Exchange will amount to approximately €14,550.

Significant or material change

There has been no significant change in the financial performance of the Issuer and its subsidiaries (taken as a whole), which has occurred since 31 December 2021. There has been no material adverse change in the prospects of the Issuer since 31 December 2021.

Interests

Save for the commissions and any fees payable to the Joint Lead Managers, no person involved in the issue of the Capital Securities has an interest, including conflicting ones, material to the offer. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

Documents Available

Copies of the following documents will be available free of charge during normal business hours at the registered office of the Issuer (Croeselaan 1, 3521 BJ Utrecht, the Netherlands) and from the specified office of the Agent:

(a) a copy of this Prospectus and any documents incorporated herein by reference;

(b) a copy of the Agency Agreement; and

(c) a copy of the English translation of the Articles of Association.

Post issuance information

The Issuer does not intend to provide any post issuance information in relation to the issue of Capital Securities.

Clearing and settlement systems

The Capital Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The International Securities Identification Number (ISIN) for the Capital Securities is XS2454874285 and the Common Code is 245487428.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Tax Consequences

The tax laws of the investor's state of residence and of The Netherlands might have an impact on the income received from the Capital Securities. Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of the Capital Securities.

CRA Regulation

As of the date of this Prospectus, Fitch, S&P and Moody's are established in the EU and each of them is registered under the CRA Regulation. The credit rating applied for in relation to the Capital Securities has been issued by a credit rating agency established in the EU and registered under the CRA Regulation.

Yield

7.123% per annum.

The yield is calculated at the Issue Date on the basis of the Issue Price until the First Reset Date. It is not an indication of future yield. Since the Rate of Interest will be reset at the First Reset Date (unless the Issuer redeems the Capital Securities on or before the First Reset Date), an indication of yield relating to periods after the First Reset Date cannot be given.

REGISTERED OFFICE OF THE ISSUER

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