28 April 2017

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

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

The Notes will be issued on a continuing basis to one or more of the Dealers specified below and any additional Dealer appointed for the duration of the Program or, with regard to an issue of a particular tranche of Notes, for the purposes of that tranche (each a '**Dealer**' and together the '**Dealers**'). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the '**relevant Dealer**' in respect of those Notes. The Notes will be issued in series (each a '**Series**') each of which will comprise one or more tranches (each a '**Tranche**').

This document constitutes a base prospectus dated 28 April 2017 (the '**Base Prospectus**') within the meaning of Directive 2003/71/EC as amended (including by Directive 2010/73/EC) (the '**Prospectus Directive**', which term includes any relevant implementing measure in the Member State (as defined below) which has implemented the Prospectus Directive (a '**Relevant Member State**')) and is issued in replacement of a prospectus dated 28 April 2016. This does not affect any notes issued prior to the date of this Base Prospectus.

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

Application may be made for Notes to be admitted to trading on Euronext in Amsterdam ('**Euronext Amsterdam**'), the regulated market of Euronext Amsterdam N.V., the Official List of the Luxembourg Stock Exchange (the '**Luxembourg Stock Exchange**'), Euronext in Paris ('**Euronext Paris**'), the regulated market of Euronext Paris S.A., Eurex Deutschland ('**Eurex Deutschland**'), the regulated market of Eurex Frankfurt AG and the regulated market of London Stock Exchange plc (the '**London Stock Exchange**'). In addition, Notes may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Final Terms. The Program also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

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

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

The Program has been rated AAA (in respect of Notes with a maturity of more than one year) and A-1+ (in respect of Notes with a maturity of one year or less) by Standard & Poor's Credit Market Services Europe Limited ('**Standard & Poor's**') and has been rated P-1 (in respect of short-term Notes) and Aaa (in respect of senior unsecured medium-term Notes) by Moody's Investors Service Limited ('**Moody's**'). Tranches or Series of Notes may be rated or unrated. Where a Tranche or Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Program. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. As of the date of this Base Prospectus, each of Standard & Poor's and Moody's is established in the European Union and is registered under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended and supplemented (the '**CRA Regulation**').

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

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes as set out herein, in which case a supplement, a new base prospectus or a drawdown prospectus, as appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes and, if relevant, which will be subject to the prior approval of the AFM.

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

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

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

Joint-Arrangers

BofA Merrill Lynch	NatWest Markets

Dealers

ABN AMRO	Barclays
BMO Capital Markets	BNP PARIBAS
BofA Merrill Lynch	Citigroup
Commerzbank Aktiengesellschaft	Crédit Agricole CIB
Daiwa Capital Markets Europe	Deutsche Bank
DZ BANK AG	Goldman Sachs International
HSBC	ING
J.P. Morgan	Landesbank Baden-Württemberg
Mizuho Securities	Morgan Stanley
Natixis	NatWest Markets
Nomura	NORD/LB
Rabobank	RBC Capital Markets
Scotiabank	Shinkin International Ltd
SMBC Nikko	TD Securities
Zürcher Kantonalbank	

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RISK FACTORS

NWB Bank believes that certain factors may affect its ability to fulfill its obligations under the Notes. Such factors and factors which could be material for the purpose of assessing the market risks associated with the Notes (although not exhaustive), such as risks related to the market for the Notes, risks related to Notes generally and risks related to the structure of a particular issue of Notes are described below.

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

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

FACTORS THAT MAY AFFECT NWB BANK'S ABILITY TO FULFILL ITS OBLIGATIONS UNDER THE NOTES

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

NWB Bank's business and results of operations are affected by local and global economic conditions, perceptions of those conditions and future economic prospects. Global trade has increased at a steady, albeit modest pace in recent years. However, the outlook for the global economy in the near- to medium-term remains uncertain due to several factors, including geopolitical risks and concerns around global growth and price and currency stability. Risks to growth and stability stem from, amongst other things, continued imbalances in Europe and elsewhere, low growth levels in foreign markets and from uncertainty about how economies will respond to the monetary policy measures including the European Central Bank's ('**ECB**') implementation of the quantitative easing ('**QE**') program, which was announced in January 2015 and has since expanded to exceed €2.4 trillion and the U.S. Federal Reserve's interest hikes. In addition, there is a risk that Europe may suffer from deflation, causing consumers and businesses to cut back on spending. The outlook for the economy in the Netherlands remains modest. Gross domestic product ('**GDP**') in the Netherlands increased by 2.1% in 2016 and GDP growth is expected to remain at 2.1% in 2017.[1] The average number of people unemployed in the Netherlands decreased to 6.0% of the working population in 2016 from 6.9% in 2015 (2014: 7.4%),[2] and projections suggest it is set to decrease to 5.3% in 2017. Inflation in the Netherlands was approximately 0.1% in 2016[1], and projections suggest it is set to increase to approximately 0.9% in 2017.[1] However, these forecasts may prove inaccurate and conditions may worsen, including if any of the risks described herein or other risks materialize.

NWB Bank's business is impacted generally by the business and economic environment in which it operates, which itself is impacted by factors such as changes in interest rates, securities prices, credit and liquidity spreads, exchange rates, consumer spending, business investment, real estate valuations, government spending, inflation, the volatility and strength of the capital markets and other destabilizing forces such as geopolitical tensions or acts of terrorism. Although the Dutch economy improved in 2015 and 2016, volatility resulting from the factors noted above and market disruption over the past several years could create a less favorable environment for NWB Bank's public sector clientele. The weak economic conditions in Europe and, in particular, the Netherlands that followed the global economic and financial crisis, resulted in higher unemployment rates, weak property markets and pressure on

[1] Source: CPB Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).
[2] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).

disposable incomes, which has slowed investment and consumer spending. This in turn has had an adverse effect on the financing requirements of NWB Bank's public sector clients.

These factors, together with volatility in the capital and credit markets during recent years, have had a material impact on NWB Bank's core activities of funding and lending and NWB Bank believes that economic and market conditions in the Netherlands and Western Europe in general will continue to affect NWB Bank's results of operations. In particular, NWB Bank's ability to generate revenues and expand its loan portfolio in the future largely depends on continued economic and market recovery within the Netherlands, which in turn relies on recovery in Western Europe. NWB Bank expects lending to housing associations to decrease in the coming years due to multiple challenges facing the social housing sector, including changes in regulations and governmental housing policies. The amended Housing Act, which took effect in July 2015, defines the legal framework within which the housing associations must operate. The Housing Act also places certain limitations on the manner in which housing associations can finance their activities. In response, housing associations have been postponing and may continue to postpone new near-term investments or may further sell parts of their housing portfolios. The healthcare sector and especially the smaller care providers continue to experience low financing requirements. In addition, local and regional authorities' demand for long-term loans in recent years has fallen principally due to weak demand generally, as well as local and regional authorities' obligation to use excess funds to help finance local municipality activities. See also '– NWB Bank is exposed to certain concentration risks in its loan portfolio'.

NWB Bank's business and results of operations are also affected by financial market conditions. Financial markets experienced high volatility in the last quarter of 2014, and periodic periods of volatility through 2015 and into 2016. In addition, credit markets experienced elevated levels of volatility during 2016, partly due to low commodities prices. Further, the European markets may be negatively impacted by uncertainties surrounding the exit of the United Kingdom and, potentially, other European Union member states. See '– A weakening of economic recovery in Europe, the uncertainties surrounding the United Kingdom's exit from the European Union, and any renewed threat of default by certain Eurozone countries, may adversely affect NWB Bank's business and results of operations'.

During the next few years, it is unclear whether a combination of anticipated recovery in private sector demand and in Europe and the United States will result in a return by certain central banks toward more conventional monetary policies, following the recent period that has been characterized by highly accommodative policies, which were implemented to support demand at a time of pronounced fiscal tightening and balance sheet repair. The U.S. Federal Reserve ended its QE program in October 2014 and in December 2015 it decided to raise its target range for the federal funds rate for the first time since June 2006. In December 2016, the U.S. Federal Reserve raised its target range for the federal funds rate by 25 basis points, to a range of 0.50% to 0.75%. In addition, in March 2017, the U.S. Federal Reserve announced an interest rate hike of 25 basis points. On the contrary, the ECB announced in September 2014 its decision to further ease its monetary policy and, in March 2015, it commenced a €1 trillion QE program (which has since expanded to €2.4 trillion), in which it expects to purchase government bonds worth up to €80 billion per month until March 2017, and €60 billion per month until December 2017. In addition, in March 2016 the ECB decided on a number of new monetary policy easing measures, reducing interest rates to record lows in order to secure a return of inflation rates towards the ECB's definition of price stability. Quantitative easing is exerting downward pressure on interest rates and yield curves, which may impact interest rate margins. A prolonged period of flatter than usual interest rate yield curves and negative interest rates could have a material adverse effect on NWB Bank.

The contrast that has arisen between the United States and the Eurozone manifests itself in, among other things, a significant difference in interest rate expectations between U.S. and EU capital markets. Further market volatility may occur as interest rates are increased in certain economies and markets await the outcome of the ECB's QE program. The possibility of one or more central banks or governments, in particular the U.S. Federal Reserve and the ECB, starting and/or accelerating the process of tightening or unwinding historically unprecedented loose monetary policy or extraordinary measures in coming years, could lead to generally weaker than expected growth, or even contracting GDP, reduced business confidence, higher levels of unemployment, adverse changes to levels of inflation, potentially higher interest rates and falling property prices, and consequently to an increase in delinquency rates and default rates among customers. The resulting uncertainty in financial markets combined with challenging

economic conditions in the Netherlands creates a somewhat difficult operating environment for financial institutions, including NWB Bank, as they place strain on funding needs and may cause significant volatility to funding costs.

Any slowing of monetary stimulus and the actions and commercial soundness of other financial institutions have the potential to impact market liquidity. The adverse impact on the credit quality of NWB Bank's customers and counterparties, coupled with a decline in collateral values, could lead to a reduction in recoverability and value of NWB Bank's assets and higher levels of impairment allowances, which could have an adverse effect on NWB Bank's prospects, financial condition and results of operations.

Should further volatility in the financial and credit markets occur, or global economic recovery stagnate, NWB Bank may experience reductions in business activity, increased and volatile funding costs and funding pressures, decreased asset values and/or lower profitability. As a result of changing market conditions and the influence of financial, economic and/or other cycles, NWB Bank's results of operations are subject to volatility that may be outside the control of NWB Bank. NWB Bank's financial condition and results of operations may, therefore, vary significantly from year to year depending on market and general economic conditions.

A weakening of economic recovery in Europe, the uncertainties surrounding the United Kingdom's exit from the European Union, and any renewed threat of default by certain Eurozone countries, may adversely affect NWB Bank's business and results of operations

Countries such as Greece, Italy, Ireland, Portugal and Spain ('**GIIPS**') have been particularly affected by the macroeconomic and financial conditions since 2008 and forecasts of growth in 2017 for some of the largest European economies such as Italy remain low. Greece's economy remained in recession during the second half of 2016, with continued uncertainty about potential sovereign default. Pressure from the European Union over the refugee crises and ongoing bail-out tranche talks continue to negatively impact the European markets. The potential impact of a sovereign default on the Eurozone countries, including the potential that some member states of the European Union ('**Member States**') could leave the Eurozone (either voluntarily or involuntarily), continues to raise concerns about the ongoing viability of the euro currency and the Economic and Monetary Union (the '**EMU**'). While the QE program of the ECB that commenced in March 2015 is designed to improve confidence in Eurozone equities and encourage private bank lending, there remains considerable uncertainty as to whether such measures will sustain the economic recovery or avert the threat of sovereign default.

In addition, in a referendum held in the United Kingdom on 23 June 2016, a majority voted for the United Kingdom to leave the European Union. There is uncertainty relating to the negotiation and form of the United Kingdom's relationships with the European Union, with other multilateral organizations and with individual countries at the time of exit and beyond. The uncertainty surrounding such exit could negatively impact the European markets. Further, the presidential elections in France and federal elections in Germany in 2017 could result in general market volatility or instability, including due to potential discussions about those countries' place in the European Union, which in turn could negatively impact the European markets.

The full effects on the Dutch, European and global economies of the United Kingdom's exit from the European Union, the 2017 elections in Europe, an exit of one or more Member States from the EMU, or a potential dissolution of the EMU and a consequential re-introduction of individual currencies in one or more EMU Member States, are impossible to predict. However, if any such event were to occur it would likely:

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

- disrupt and adversely affect the economic activity of the Dutch and other European markets; and
- adversely affect the management of market risk and in particular asset and liability management due, in part, to the redenomination of financial assets and liabilities and the potential for mismatch.

The occurrence of any of these events could have a material adverse effect on NWB Bank's prospects, financial condition and results of operations.

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

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

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

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

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

During the worst stages of the global economic and financial crisis, credit markets worldwide, including interbank markets, experienced severe reductions in the availability of financing for prolonged periods. During the first part of 2012, credit markets were disrupted mainly due to the sovereign debt crises associated with, amongst others, the GIIPS, which resulted in funding being difficult to obtain and terms for certain borrowers being less favorable. Intervention of the ECB and its long-term refinancing operations made available in December 2011 and February 2012 reduced this liquidity problem that was adversely affecting banks across Europe and had shut many European banks out of the wholesale public markets. In addition, the ECB announced in June 2014 that it would conduct a series of targeted longer-term refinancing operations aimed at improving bank lending to the non-financial private sector over a period of two years. However, certain European banks, in particular in Spain, Portugal, Greece and Italy, remained reliant on the ECB as one of their principal sources of liquidity. If volatility were to return to the global credit markets, it could have a material adverse impact on the availability of funding and the cost of obtaining such funding.

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

Although credit markets experienced elevated volatility during 2016, NWB Bank's overall liquidity position remained strong. However, if any of the problems discussed above continue or recur, NWB Bank's access to the wholesale lending markets could be restricted or available only at a higher cost.

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

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

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

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

Ratings are important to NWB Bank's business for a number of reasons, including because they may affect NWB Bank's continued access to the capital markets and the cost of accessing such markets. NWB Bank has credit ratings from Standard & Poor's and Moody's. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide to downgrade NWB Bank at any time.

On 2 December 2013, Standard & Poor's lowered the long-term rating of NWB Bank from 'AAA' to 'AA+.' The downgrade of NWB Bank reflects a similar action on the Netherlands on 29 November 2013. On 24 November 2015, Standard & Poor's raised the long-term rating on NWB Bank from AA+ to AAA with a 'stable' outlook. On 9 December 2016, Standard & Poor's affirmed the AAA long-term rating of NWB Bank and its 'stable' outlook. In accordance with Standard & Poor's criteria for rating government-related entities, they believe that there is an 'almost certain' likelihood that NWB Bank as a government-related entity would receive timely and sufficient extraordinary support from the Dutch government in the event of financial distress. As a result, Standard & Poor's equalized the long-term ratings with that of the Netherlands. Standard & Poor's opinion of an 'almost certain' likelihood of government support for NWB Bank reflects its view that NWB Bank plays a 'critical role' for the Dutch government through its key public policy mandate and has an 'integral' link with the Dutch government as Standard & Poor's considers NWB Bank as an extension of the government. In addition, on 29 May 2014, while affirming the Aaa long-term rating of NWB Bank, Moody's changed the outlook on NWB Bank's long-term rating from 'stable' to 'negative.' This outlook change was part of Moody's rating action to change the outlook on 82 long-term European bank ratings to negative following its initial assessment of the Bank Recovery and Resolution Directive ('**BRRD**') (adopted in April 2014) and the Single Resolution Mechanism ('**SRM**') regulation (approved by the European Parliament in April 2014), see 'Nederlandse Waterschapsbank N.V. – Supervision and Regulation.' On 17 March 2015, Moody's changed the outlook on NWB Bank's long-term rating from 'negative' to 'stable.' On 5 January 2016 and again on 13 January 2017, Moody's affirmed the Aaa long-term rating of NWB and its 'stable' outlook.

Notwithstanding Standard & Poor's view, which is shared by Moody's, that NWB Bank is a 'government-related entity,' investors should note that NWB Bank is not a government entity and its debt (including the Notes) are not

direct or indirect obligations of the State of the Netherlands or guaranteed in any way by the State of the Netherlands.

As evidenced by the rating action taken by Standard & Poor's, any rating action taken by Standard & Poor's or Moody's with respect to the State of the Netherlands can be expected to impact NWB Bank's ratings. While NWB Bank did not experience significant negative effects as a result of the rating actions by Standard & Poor's in 2013 and Moody's in 2014, any adverse rating action could adversely affect NWB Bank. In the event of a downgrade or negative outlook with respect to NWB Bank or if NWB Bank is placed on credit watch, NWB Bank's cost of issuing debt instruments might increase, having an adverse effect on net profit and potentially impacting NWB Bank's competitive position with its clients in the public sector and its financial condition.

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

NWB Bank lends primarily to public authorities and institutions guaranteed by public authorities. In addition, NWB Bank holds an interest-bearing securities portfolio comprising mainly securitized Dutch home mortgage loans ('**Residential Mortgage Backed Securities**' or '**RMBS notes**') that are guaranteed under the National Mortgage Guarantee (a guarantee provided to certain mortgage lenders by *Stichting WEW*, a private entity, covering payment obligations of the borrowers vis-à-vis the mortgage lender), which carry limited- to high-weighted credit risk, and bonds issued or guaranteed by public sector institutions, which carry limited weighted credit risk. The portfolio of RMBS notes declined by €0.1 billion during 2016 to €2.1 billion as at 31 December 2016. A relatively small proportion of loans is provided to government controlled companies without a government guarantee (Dutch utility companies), which carry a high weighted credit risk. In addition, NWB Bank carries out hedging transactions with financial institutions, including currency and interest rate swaps, and enters into other derivative transactions, as well as money market transactions, based on which there is a counterparty risk. NWB Bank's Articles of Association prohibit all lending to privately owned entities, except that, since the amendments to the Articles of Association in April 2013, NWB Bank is permitted to extend long-term financing in a public-private partnership ('**PPP**') model without a government guarantee. Loans to be extended under this PPP model carry a higher weighted credit risk.

While NWB Bank's niche position as a specialized lender to the Dutch public sector means that it has a low-risk weighted portfolio, it also has a limited ability to diversify its lending and hence its main revenue source (net-interest income), which are strongly concentrated in both sector and geography. In particular, NWB Bank has a strong concentration in lending to social housing associations (approximately 64% of its total lending portfolio as at 31 December 2016), which loans are guaranteed by *Stichting Waarborgfonds Sociale Woningbouw* ('**WSW**'), a social housing fund ultimately supported by the Dutch central government and municipalities. The social housing sector has been facing multiple challenges for several years. These challenges have included the additional tax on housing corporations (*verhuurdersheffing*), the effects of the financial crisis, demographic trends and political decision-making, all of which affect housing corporations' policies and finances. Government policies and European rules on permitted state aid have a major impact on the social housing sector's financial position and ability to invest. On 1 January 2011, an interim state aid scheme for social housing associations took effect, which defines activities that are eligible for state aid and the conditions to which they are subject. For example, housing associations are required to confine their activities to their core business: activities in the social rented housing sector, or services of general economic interest ('**SGEI**'). In 2013, the Dutch government concluded an agreement allowing housing associations, under certain conditions, to continue to develop non-SGEI activities. On 1 July 2015, amendments to the Dutch Housing Act (*herziene Woningwet*), which set out permissible non-SGEI activities and their preconditions, entered into force. These amendments limit the scope of business activities of housing associations and, in response, housing associations have been postponing and may continue to postpone new near-term investments. In addition, some housing corporations are compelled to reduce their housing portfolios, which would adversely affect their refinancing needs. In the long term, from an accounting and legal standpoint, SGEI activities must be separated from non-SGEI activities. Only SGEI activities may be performed with state aid. Guarantees issued by WSW are the principal form of state aid and many non-SGEI activities are currently financed under a WSW guarantee. Since the ultimate impact of the new housing legislation is to limit the volume of guaranteed loans to social housing associations, NWB Bank's financial condition and results of operations could be adversely affected. In response to the foregoing developments the social housing sector implemented cost-saving

measures, including restructurings and lowered investments, including their level of borrowing, in recent years. The foregoing factors, as well as an anticipated income tax, are also expected to reduce demand for loans in this sector in the coming years.

As a public sector bank, NWB Bank attracts funds from and lends funds to local and regional authorities. As at 31 December 2016, approximately 13% of NWB Bank's total lending portfolio consisted of loans granted to municipal authorities. The introduction of mandatory treasury banking (*verplicht schatkistbankieren*) for local and regional authorities took effect on 1 January 2014 pursuant to the Act on Mandatory Treasury Banking (*Wet Verplicht Schatkistbankieren*). With the introduction of mandatory treasury banking, the government aims to decrease the EMU debt of the public sector. Mandatory treasury banking requires local and regional authorities, including water boards, to hold their surplus liquid funds in accounts held at the Netherlands Ministry of Finance (*Ministerie van Financiën*). Alternatively, local and regional authorities may choose to use surplus funds to repay debts or grant each other loans. Most provincial authorities have a sound liquidity position and increasingly opt to lend their surpluses to municipal authorities and water boards, which led to the reduced demand for long-term loans. In addition, long-term finance requirements in this sector are depressed due to lower than expected land sales, and the introduction of the Dutch Sustainability of Public Finances Act (*Wet Houdbare Overheids Financiën*), which took effect in 2013 and contains budgetary rules for local and regional authorities. Furthermore, municipal authorities are forced to implement cost savings as duties and responsibilities are transferred from the central government to lower-tier authorities.

The healthcare sector continues to experience low financing requirements, mainly due to a substantial reform of the Dutch healthcare system, which incorporated de-institutionalization (keeping patients outside healthcare institutions) and strong cost-cutting incentives for healthcare institutions. The insecurity caused by a large number of (potential) policy changes, including changes relating to the introduction of the effect of market forces, has made healthcare institutions hesitant to enter into long-term commitments. In addition, mainly due to the higher financial risks in the healthcare sector, the Healthcare Sector Guarantee Fund (*Waarborgfonds voor de Zorgsector*, '**WfZ**') has become more restrictive in respect of providing guarantees, thereby limiting access to the guaranteed funding structure for NWB Bank's clients.

There can be no assurance that the impact of the above developments will not negatively impact NWB Bank's prospects, financial condition and results of operations.

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

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

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

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

In the course of its business activities, NWB Bank is exposed to a variety of risks, the most significant of which are market risk, interest rate risk, liquidity risk, credit and counterparty risk and operational risk (including model risk). NWB Bank's revenues and interest rate risk are dependent upon its ability to properly identify changes in the value of financial instruments caused by changes in market prices, rates and spreads. NWB Bank's earnings are dependent upon the effectiveness of NWB Bank's management of migrations in credit quality and risk concentrations, the accuracy of NWB Bank's valuation models and critical accounting estimates. Extreme market volatility could make it difficult, or in some cases impossible, to value some of the financial instruments that NWB Bank holds. Market volatility may also result in significant unrealized losses or impairment losses on such financial instruments. In 2013, NWB Bank adjusted its hedge accounting models and its method for measuring the fair value of its outstanding swap portfolio, prompted by evolved best practices in the financial markets. In 2014, NWB Bank made further adjustments to its hedge accounting models to mitigate the effects of such unrealized fair value adjustments. Further refinements have been made in 2015. There have been no adjustments in 2016. Although NWB Bank believes it has implemented, and will continue to implement, appropriate policies, systems and processes to control and mitigate these risks, including to manage fluctuations in fair value, investors should note that any failure to adequately control these risks could result in adverse effects on NWB Bank's financial condition, results of operations and reputation.

NWB Bank devotes significant resources to developing risk management policies, procedures and assessment methods for its banking business. NWB Bank uses basis point value ('**DV01**') limits, earnings-at-risk models, gap analyses, stress testing, liquidity gap limit models and scenario analyses as well as other risk assessment methods. Nonetheless, such risk management techniques and strategies may not be fully effective in mitigating risk exposure in all economic market environments or against all types of risk, including risks that NWB Bank fails to identify or anticipate. Some of NWB Bank's qualitative tools and metrics for managing risk are based upon use of observed historical market behavior. These tools and metrics may fail to predict or predict incorrectly future risk exposures. Moreover, these observations or information may not be accurate, complete, up-to-date or properly evaluated in all cases. NWB Bank's losses could thus be significantly greater than such measures would indicate. In addition, NWB Bank's quantified modeling does not take all risks into account. For a broader set of risks, NWB Bank takes a more qualitative approach to managing those risks, which is less precise than quantified modeling and could prove insufficient. There can, therefore, be no assurance that NWB Bank's risk management and internal control policies and procedures will adequately control, or protect NWB Bank against, all credit and other risks. In addition, certain risks could be greater than NWB Bank's empirical data would otherwise indicate. Unanticipated or incorrectly quantified risk exposures could result in material losses for NWB Bank.

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

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

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

NWB Bank is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of NWB Bank's regulators are likely to have a material adverse effect on NWB Bank's operations or profitability

NWB Bank is subject to detailed banking and other financial services laws and government regulation in the Netherlands. De Nederlandsche Bank N.V. ('**DNB**') and the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the '**AFM**') have broad administrative powers over many aspects of the financial services business, including liquidity, capital adequacy, permitted investments, ethical issues, anti-money laundering, privacy, record keeping, and marketing and selling practices. On 4 November 2014, NWB Bank became subject to direct supervision by the ECB under the new system of supervision, which comprises the ECB and the national competent authorities of participating EU countries, the Single Supervisory Mechanism ('**SSM**'). The SSM is one of the elements of the so-called Banking Union. The ECB has far-reaching powers over the prudential aspects of NWB Bank's business.

Banking and other financial services laws, regulations and policies governing NWB Bank have been changing and are subject to further changes at any time in ways which may have an adverse effect on NWB Bank's business. It is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof.

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

Specifically, in December 2010, the Basel Committee on Banking Supervision published its final standards on the revised capital adequacy framework known as '**Basel III**'. These standards are significantly more stringent than previous requirements. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, the legislative package to strengthen the regulation of the banking sector (known as '**CRD IV**') was adopted. CRD IV consists of a directive ('**CRD IV Directive**') and a regulation (the Capital Requirements Regulation or '**CRR**') and aims to create a sounder and safer financial system. The CRD IV Directive governs amongst other things the access to deposit-taking activities, while the CRR establishes the majority of prudential requirements that institutions need to respect. The CRR entered into force on 1 January 2014, and has direct effect in the Netherlands. The CRD IV Directive was implemented in Dutch law as per 1 August 2014. A number of the requirements introduced under CRD IV will be further supplemented through the Regulatory and Implementing Technical Standards produced by the European Banking Authority ('**EBA**'). The application in full of all measures under CRD IV (including any national implementation thereof in the Netherlands) will have to be completed before 1 January 2019. Since the introduction of the Basel III framework, the Basel Committee published several consultation documents for amendment of Basel III. These consultations include, among others, proposals for revision of the standardised approaches for credit, operational and market risk and the introduction of capital floors based on standardised approaches. Any amendments resulting from these and possible future consultations are likely to affect rules contained in CRD IV and/or the application of CRD IV and the rules and regulations based thereon.

CRD IV, in implementing Basel III, is intended to increase the quality and quantity of capital. It requires increased capital against derivative positions and introduced a capital conservation buffer, a counter-cyclical buffer, a systemic risk buffer, a liquidity framework (liquidity coverage ratio ('**LCR**') and net stable funding ratio ('**NSFR**')) as well as a leverage ratio. The LCR addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. The NSFR requires that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities, i.e. that long-term assets are covered with sufficient stable funding. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets (including specific off-balance sheet items).

The ultimate aim of Basel III/CRD IV is to reduce leverage in order to bring institutions' weighted assets more in line with their Tier-1 capital. On an EU level, the leverage ratio requirements are phased in with initially a reporting

period, a disclosure obligation as of 1 January 2015 and the migration to a binding harmonized requirement as part of the EU Banking Reforms (as further described below). If Basel III is followed under CRD IV, the leverage ratio may not fall below 3%, though there is still uncertainty as to the exact percentage and scope of the leverage ratio under CRD IV. The EU rules deviate from the Basel III rules in certain aspects (e.g. in imposing an additional systemic risk buffer) and (in respect of some provisions) provide national flexibility to apply more stringent prudential requirements than set in the EU (or Basel) framework. In this respect, the European Commission has proposed a binding leverage ratio of 3% pursuant to the EU Banking Reforms (as further described below). According to the proposal, competent authorities remain responsible for monitoring leverage policies and processes of individual institutions and may impose additional measures to address risks of excessive leverage, if warranted. Prior to the announcement of the EU Banking Reforms, the Dutch government announced that it wished to implement a leverage ratio of at least 4% for significant Dutch banks. However, the Dutch Minister of Finance explicitly indicated that this percentage will not apply to NWB Bank, given its specific business model of lending exclusively to municipal governments and public entities. In addition, the Dutch Minister of Finance stated that he will try to obtain appropriate leverage ratio agreements on a European level in respect of banks, such as NWB Bank. There is no guarantee such views will not change or such endeavors will be successful. In particular, in the same statement, the Minister of Finance stressed that banks, such as NWB Bank, should continue to improve their leverage ratio, because it is currently unclear what a harmonized European leverage ratio framework would entail for NWB Bank. International discussions are ongoing regarding a possible leverage ratio surcharge for global systemically important banks (‘**G-SIBs**’). NWB Bank does not currently qualify as such.

Due to the structure of NWB Bank’s balance sheet and its lending mainly to Dutch public sector borrowers with currently zero-risk weighting, NWB Bank may not be able to meet the stricter capital and liquidity requirements set under Basel III, in particular the leverage ratio, pursuant to CRD IV and, as amended or supplemented by the EU Banking Reforms (as defined below). The volatility in total assets caused by changing interest rates that affect swap-related collateral obligations and require market value adjustments in most of NWB Bank’s long-term lending portfolios makes it difficult to manage balance sheet ratios. NWB Bank believes this volatility would warrant an additional capital buffer on top of the required 3% in order to prevent any unintended failure to achieve the target ratio. To date NWB Bank has managed its balance sheet and regulatory capital (its balance sheet leverage ratio as at 31 December 2016 was 2.3%) on the basis that substantially all of its assets carry a zero-risk weighting. When its non-risk weighted assets are included, NWB Bank could be required, depending on the applicability of the binding leverage ratio of 3% proposed as part of the EU Banking Reforms and any permitted relevant adjustments or relief in respect of calculating NWB Bank's leverage ratio, either to significantly increase its Tier-1 capital or reduce its lending to comply with such ratio. In order to increase its Tier-1 capital, in addition to retaining profits, NWB Bank has issued and may issue other capital instruments, such as hybrid debt instruments, which carry a higher cost of funding than its existing long-term debt. Having to increase Tier-1 capital and/or reduce lending could have an adverse effect on NWB Bank’s business and/or results of operations.

In addition to the capital requirements, CRD IV also deals with market access and license requirements for credit institutions. The definition of ‘credit institution’ is set out in the CRR, an EU regulation which has direct effect in the Netherlands. As a consequence thereof and as a result of the CRD IV implementation into Dutch law, the Dutch Financial Supervision Act (the ‘**DFSA**’) includes a definition of ‘bank’ that merely refers to the definition of ‘credit institution’ in the CRR. This means that the notion of a bank and the question whether an entity falls within the scope of the banking license requirement is primarily decided at the EU level. DNB has confirmed that NWB Bank qualifies as a ‘credit institution’ as set out in the CRR. There may be a risk that once an EU level definition of credit institution is available, NWB Bank may not fall under the scope thereof.

On 23 November 2016, the European Commission announced a further package of reforms to CRR, CRD IV, the BRRD and the SRM Regulation (the ‘**EU Banking Reforms**’), including measures to increase the resilience of EU institutions and enhance financial stability. The EU Banking Reforms are wide-ranging and cover multiple areas, including a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of 'non-preferred' senior debt, the implementation of the total loss-absorbing capacity (‘**TLAC**’) standard, an amendment of the minimum requirement for own funds and eligible liabilities (‘**MREL**’) framework to align it with the TLAC standard, and the transposition of the fundamental review of the trading book (‘**FRTB**’) conclusions into EU legislation. As such, the EU Banking

Reforms may affect the Issuer (including with regard to the MREL it must maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in) (as described in more detail under 'Bank Recovery and Resolution Directive and Bail-in Tool' below). The timing for the final implementation of these reforms as at the date of this Base Prospectus is unclear. Furthermore, until the EU Banking Reforms are in final form, it is uncertain how the proposals will affect the Issuer or Noteholders.

In addition, the introduction of, and changes to, taxes, levies or fees applicable to NWB Bank's operations (such as the imposition of a financial transaction tax (as further described under 'Financial Transaction Tax' below) and bank levy) could have an adverse effect on its business and/or results of operations. For example, in 2012 the Dutch bank tax was introduced, which, at an amount of €21 million and €15 million for 2015 (including resolution levy) and 2014, respectively and €25.5 million for 2016 (including resolution levy), has had a significant adverse impact on NWB Bank's results of operations in recent years. Furthermore, pursuant to the BRRD that entered into force on 1 January 2015, NWB Bank is required to make a contribution to the single resolution fund ('**SRF**'), which could negatively impact NWB Bank's results of operations. In 2015 NWB Bank contributed €2.7 million and in 2016 NWB Bank contributed €5.8 million before tax, excluding an irrevocable obligation of €1 million.

Although it is difficult to predict what impact the recent regulatory changes, developments and heightened levels of scrutiny will have on NWB Bank, the enactment of legislation and regulations in the Netherlands, changes in other regulatory requirements and the transition to direct supervision by the ECB have resulted in increased capital and liquidity requirements, changes in the level of contributions to resolution funds, and/or increased operating costs and have impacted, and are expected to continue to significantly impact, NWB Bank's business. Any new or changed regulations may adversely affect NWB Bank's business and/or results of operations.

The IT and other systems on which NWB Bank depends for its day-to-day operations may fail for a variety of reasons that may be outside NWB Bank's control and there is an increasing risk of cyber attacks

NWB Bank's operations are highly dependent on its ability to process and monitor, on a daily basis, a large number of transactions, some of which are complex, while complying with applicable laws and regulations. NWB Bank's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled, which may have an adverse effect on NWB Bank's ability to process transactions or provide services. Other factors which could cause NWB Bank's operating systems to fail or not operate properly include a deterioration in the quality of IT development, support and operations processes and, in particular, high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing complexity of operations. Critical system failure and/or prolonged loss of service could cause serious damage to NWB Bank's ability to service its clients and could cause long-term damage to NWB Bank's business and reputation. For example, any breach in security of NWB Bank's systems from increasingly sophisticated attacks by cybercrime groups could have a significant negative effect on NWB Bank's reputation, result in the disclosure of confidential information and create potential financial and legal exposure. In this regard, NWB Bank has noted a generally increasing number of attempted electronic intrusions in recent years, some of which have resulted in severe disruptions of the IT systems of Dutch financial institutions, particularly Dutch commercial banks. Despite NWB Bank's ongoing expenditures on its IT systems, there can be no assurance that these expenditures will be sufficient or that its IT systems will function as planned. Any disruption in, or any breach in security of, NWB Bank's IT or other systems may have a material adverse effect on its business, financial condition or results of operations.

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

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

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

Risks related to the market for the Notes

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

Liquidity risks

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

Exchange rate risks and exchange controls

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

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

Interest rate risk

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the interest rate paid on the Fixed Rate Notes, this may adversely affect the value of the Fixed Rate Notes.

Credit rating risk

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

Risks related to Notes generally

The Notes may not be a suitable investment for all investors

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

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

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

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

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

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investments and its ability to bear the applicable risks; and

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

Modification and waiver

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

Tax consequences of holding the Notes

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

Restrictions on transfer

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The Notes and the Agency Agreement (as defined in the Terms and Conditions of the Notes) will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to United States persons, as are defined in the U.S. Internal Revenue Code of 1986, as amended (the '**Code**') and the U.S. Treasury regulations promulgated thereunder. See 'Plan of Distribution' and 'Transfer Restrictions'. Investors must ensure that their offers and sales of the Notes within the United States and other countries comply with all applicable laws, including, amongst others, the laws mentioned above. If offers and sales of Notes do not comply with all applicable laws in relevant jurisdictions, Notes may not be able to be sold, transferred or delivered to certain investors and investors may not be able to sell, transfer and deliver Notes to third parties who are residents, citizens or holders of securities accounts in such jurisdictions.

Notes held in global form

The Notes will initially be held by a common depositary or, as the case may be, a common safekeeper on behalf of Euroclear Bank SA/NV ('**Euroclear**') and/or Clearstream Banking, S.A. ('**Clearstream, Luxembourg**') and/or in the case of Notes issued in registered form ('**Registered Notes**') by a custodian on behalf of The Depository Trust Company ('**DTC**'). Bearer Notes will be initially issued in the form of either a temporary bearer global Note (a '**Temporary Bearer Global Note**') or a permanent bearer global Note (a '**Permanent Bearer Global Note**', and together with the Temporary Bearer Global Note, the '**Bearer Global Note**') and Registered Notes will be issued in the form of a Registered Global Note (as defined in 'Form of the Notes – Registered Notes'). Interests in a Temporary Bearer Global Note will be exchangeable for interests in a Permanent Bearer Global Note, in the case of an issue subject to the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) or, any successor rules in substantially the same form as such rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the '**TEFRA D Rules**') upon certification as to non-U.S. beneficial ownership. Interests in a Permanent Bearer Global Note will be exchangeable for Bearer Notes in definitive form ('**Definitive Bearer Notes**') and interests in a Registered Global Note will be exchangeable in Registered Notes in definitive form ('**Individual Note Certificates**'), respectively, only in limited circumstances as more fully described in 'Form of the Notes' below. Notes held by a custodian on behalf of DTC must be in registered form. For as long as any Notes are represented by a Bearer Global Note or a Registered Global Note held by a common depositary or a common safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg and/or by a custodian on behalf of DTC, payments of principal, interest (if any) and any other amounts due in respect of the Notes will be made through Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be) against presentation or surrender (as the case may be) of the relevant Bearer Global Note or, as applicable, Registered Global Note in the case of payment of principal and, in the case of a Temporary Bearer Global Note subject to the TEFRA D Rules, payments due prior to the Exchange Date (as defined in 'Form of the Notes – Bearer Notes'), will be made only upon certification as to non-U.S. beneficial ownership. In the case of Bearer Notes, the bearer of the relevant Bearer Global Note, being the common depositary or, as the case may be, common safekeeper for Euroclear and/or Clearstream, Luxembourg, shall be treated by NWB Bank and any Paying Agent (as defined in the Terms and Conditions of the Notes) as the sole holder of the relevant Notes represented by such Bearer Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes. In the case of Registered Notes, each Note represented by a Registered Global Note will be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg or DTC and such nominee shall be treated by NWB Bank and any Paying Agent as the sole holder of the relevant Notes represented by such Registered Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of such Notes. A holder of a beneficial interest in a Bearer Global Note or a Registered Global Note must rely on the procedures of Euroclear, Clearstream, Luxembourg and/or DTC to receive payments under the relevant Notes and may therefore not be able to enforce its rights to receive payment with respect to those Notes directly against NWB Bank or the Paying Agent.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be. Such rules and procedures may place restrictions or time constraints on the transferability of Notes to certain investors.

Nominee arrangements

Where, in the case of an issue of Notes a nominee service provider is used by an investor to hold the relevant Notes or such investor holds interests in any Series of Notes through accounts with a clearing system (such as Euroclear,

Clearstream, Luxembourg or DTC), such investor will receive payments in respect of principal, interest, (if any) or any other amounts due, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or clearing system, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or clearing system to distribute all payments attributable to the relevant Notes which are received from NWB Bank. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or clearing system, as well as NWB Bank.

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

In addition, such a Noteholder will only be able to sell any Note held by it prior to its stated maturity date with the assistance of the relevant nominee service provider.

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

Notes in New Global Note form

The New Global Note ('**NGN**') form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the '**Eurosystem**') and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

Change of law and jurisdiction

The conditions of the Notes are governed by the laws of the Netherlands in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to the laws of the Netherlands or administrative practice after the date of this Base Prospectus. A material change to the laws of the Netherlands or administrative practice may affect, amongst others, the rights which investors may be able to enforce against NWB Bank.

Prospective investors should note that the courts of the Netherlands will have jurisdiction in respect of any disputes involving any Series of Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against NWB Bank in any court of competent jurisdiction. The laws of the Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes and the application of the laws of the Netherlands may therefore lead to a different interpretation of, amongst others, the Terms and Conditions of the Notes than the investor may expect if the equivalent law of his home jurisdiction were applied.

Bank Recovery and Resolution Directive and Bail-in Tool

The Bank Recovery and Resolution Directive ('**BRRD**') and the Single Resolution Mechanism Regulation ('**SRM Regulation**') provide the European framework for the recovery and resolution of (amongst others) ailing banks, certain investment firms and certain of their group entities.

The BRRD has been transposed into Netherlands law pursuant to the Act implementing the European framework for the recovery and resolution of banks and investment firms (*Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen*), which entered into force on 26 November 2015. NWB Bank is subject to the BRRD as implemented in Netherlands law.

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

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

If NWB Bank is deemed no longer viable (or one or more other conditions apply) the SRB may decide to write-down, cancel or convert relevant capital instruments of NWB Bank into shares or other instruments of ownership, independently or in combination with a resolution action. The SRB shall ensure that DNB will exercise the write-down and conversion powers pursuant to the BRRD, as implemented in Netherlands law, in order to write-down, cancel or convert the relevant capital instruments into shares or other instruments of ownership, and in accordance with a certain order of priority.

If NWB Bank is deemed to be failing or likely to fail and the other resolution conditions would also be met, the SRB may decide to place NWB Bank under resolution. As part of the resolution scheme to be adopted by the SRB, it may decide to apply certain resolution tools, subject to the general resolution objectives and principles laid down in the SRM Regulation. 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 NWB Bank or convert to equity or reduce the principal amount of claims or debt instruments (such as the Notes) of NWB Bank that have been transferred pursuant to one of the aforementioned transfer tools. The bail-in tool extends further than the relevant capital instruments of NWB Bank, and may also result in the write-down or conversion of eligible liabilities of NWB Bank (such as the Notes) in accordance with a certain order of priority. In order to ensure the effectiveness of the bail-in tool, the SRM prescribes at all times a MREL which may be subject to the bail-in tool.

According to the SRM Regulation, the national resolution authorities shall take the necessary action to implement decisions of the SRB. They shall exercise their powers granted to them under the BRRD, as implemented in national law. In addition to the resolution powers described above, DNB has been granted certain other resolution and ancillary powers to implement any resolution decision by the SRB in respect of NWB Bank. It may for instance decide to terminate or amend any agreement (including a debt instrument) to which NWB Bank is a party or replace NWB Bank as a party thereto. Furthermore, DNB may, subject to certain conditions, suspend the exercise of certain

rights of counterparties vis-à-vis NWB Bank or suspend the performance of payment or delivery obligations of NWB Bank. In addition, pursuant to Netherlands law, certain counterparty rights may be excluded in the event such rights come into existence or become enforceable as a result of any recovery or resolution measure or any event in connection therewith (subject to further conditions).

The EU Banking Reforms (as further described under '— NWB Bank is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of NWB Bank's regulators are likely to have a material adverse effect on NWB Bank's operations or profitability' above), include various amendments to the BRRD and SRM framework. Among others, the EU Banking Reforms contain a proposal for the implementation of the TLAC standards as well as an amendment of the MREL framework to align it with the TLAC standard. The TLAC standard adopted by the Financial Stability Board aims to ensure that G-SIBs have sufficient loss-absorbing and recapitalization capacity available in resolution. To maintain coherence between the MREL rules (which apply to both G-SIBs and non-G-SIBs), the EU Banking Reforms also propose a number of changes to the MREL rules applicable to non-G-SIBs, such as NWB Bank, including (without limitation) the criteria for the eligibility of liabilities for MREL. The EU Banking Reforms further provide for the resolution authorities to give guidance to an institution to have own funds and eligible liabilities in excess of the requisite levels for certain purposes. Furthermore, the EU Banking Reforms also include an EU harmonised approach on bank creditors' insolvency ranking that would enable banks to issue debt in a new statutory category of unsecured debt, ranking just below the most senior debt and other senior liabilities for the purposes of resolution, while still being part of the senior unsecured debt category. The EU Banking Reforms also propose a moratorium tool allowing for the suspension of certain contractual obligations for a short period of time in resolution as well as in the early intervention phase. Finally, the EU Banking Reforms are expected to take into account the final report submitted by EBA on 14 December 2016 which contains a number of recommendations to amend the current MREL framework. As such, the EU Banking Reforms may affect the Issuer (including with regard to the MREL it must maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in). While the aforementioned proposal on the EU harmonized approach on bank creditors' insolvency ranking was originally intended to become applicable as of 1 July 2017, the timing for the final implementation and applicability of these and other reforms as at the date of this Base Prospectus remains unclear. The EU Banking Reforms are still subject to debate and approval at the EU level as well as implementation and entry into force in the member states. Finally, until the EU Banking Reforms are in such final form, it is uncertain how the proposals will affect the Issuer or Noteholders.

Finally, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen or Interventiewet*) provides the Dutch Minister of Finance with certain powers to intervene in a bank or its parent undertaking established in the Netherlands, such as NWB Bank, if the Minister of Finance deems that the stability of the financial system is in serious and immediate danger due to the situation that bank is in. These powers may result in the expropriation by the Dutch State of assets or liabilities of NWB Bank, claims against it, and securities issued by or with the cooperation of NWB Bank. Also, the Minister of Finance may take certain immediate measures which may deviate from statutory provisions or from the articles of association of NWB Bank. As a result of the entry into force of the SRM and the implementation of the BRRD, the foregoing powers have been referred to by the Dutch legislator as constituting state emergency regulations and it is expected that these will only be applied if the SRM and BRRD regime would not be effective. The exclusion of certain rights against NWB Bank, as discussed above, applies similarly in this context.

The rights of the holders of the Notes may be directly or indirectly affected as a result of the exercise by the competent resolution authority of the bail-in tool or other recovery or resolution power in respect of NWB Bank

With the implementation of the BRRD into Netherlands law, the entry into force of the SRM Regulation and the Dutch Intervention Act, the competent resolution authority may decide to take certain measures and exercise certain powers thereunder, including the bail-in tool or other recovery or resolution power, in such a manner that could result in debt instruments or other liabilities of NWB Bank, including the Notes, absorbing losses. The taking of such measures and the exercise of such powers could negatively affect the rights of the holders of the Notes or the enforcement thereof, and could result in losses being incurred by the holders of the Notes to the extent that the holder of the Notes could lose part or all of its investment in the Notes, including any accrued but unpaid interest.

The taking of any recovery or resolution measures or exercise of any power pursuant thereto could also indirectly negatively affect the position of the holders of the Notes. Even if no measures are taken or powers are exercised directly in respect of the Notes, any remedies by the holders of the Notes may be restricted, the market value of the Notes may be affected and the powers could increase NWB Bank's cost of funding and thereby have an adverse impact on NWB Bank's financial position.

In addition, whether all or part of the principal amount of the Notes will be subject to the bail-in tool is unpredictable and may depend on a number of factors which may be outside NWB Bank's control. Trading behavior in respect of Notes which are subject to the bail-in tool is not necessarily expected to follow trading behavior associated with other types of securities. Any indication herein that the Notes may become subject to the bail-in tool could have an adverse effect on the market price of the relevant Notes.

The circumstances under which the competent resolution authority would take any recovery or resolution measure are uncertain

Despite there being certain conditions for the taking of recovery or resolution measures, and the exercise of any powers to implement such measures, there is uncertainty regarding the specific factors which the competent resolution authority would consider in deciding whether to take any recovery or resolution measure, and how to implement such measure, with respect to NWB Bank and its assets or liabilities, such as the Notes. The criteria that the competent authority would consider provide it with considerable discretion. Holders of the Notes may not be able to refer to publicly available criteria in order to anticipate a potential taking of any recovery or resolution measure or the exercise of any power pursuant thereto, and consequently its potential effect on NWB Bank and the Notes.

The rights of holders of the Notes to challenge the exercise of the bail-in tool or other recovery or resolution powers by the competent authority are likely to be limited

Holders of the Notes may have limited rights to challenge, to demand compensation for losses, seek a suspension or nullification of any decision of the competent resolution authority to take certain recovery or resolution measures, and exercise the bail-in tool or other recovery or resolution powers to implement such measures, to have that decision reviewed by a judicial or administrative process or otherwise, or to exercise any other remedy in this context.

Future bank recovery and resolution regimes may affect the rights of holders of the Notes even further

It is possible that under the BRRD, the SRM Regulation, the Intervention Act, the EU Banking Reforms or any other future similar proposals, any new resolution powers granted by way of statute to the SRB, DNB, the ECB, the Dutch Minister of Finance and/or any other relevant authority could be used in such a way as to result in the debt instruments of NWB Bank, such as the Notes, absorbing losses or otherwise affecting the rights of Noteholders in the course of any resolution of NWB Bank.

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 advisors to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks related to the structure of a particular issue of Notes

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

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

Notes subject to optional redemption by NWB Bank

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

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

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

NWB Bank may issue Notes with principal or interest determined by reference to an index or formula or to movements in currency exchange rates (each, a '**Relevant Factor**'). Notes with principal or interest determined by a Relevant Factor may be particularly vulnerable to risks which may include, among others, interest rate, foreign exchange, time value and political risks. Other factors that may influence the Relevant Factor may include changes in the method of calculating the price or level of the Relevant Factor from time to time, changes to the composition of the Relevant Factor and market expectations regarding its future performance. In addition, NWB Bank may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Prospective investors should be aware that:

(i) the market price of the types of Notes referred to above may be very volatile;

(ii) they may receive no interest;

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

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

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

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

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

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

(ix) the sponsor of an index can add, delete or substitute the components of such index or make other methodological changes that could change the level of one or more components. The changing of the components of an index may affect the level of such index as a newly added component may perform

significantly worse or better than the component it replaces, which in turn may adversely affect the value of the Notes. The sponsor of an index may also alter, discontinue or suspend calculation or dissemination of such index. The sponsor of an index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of an index may take any actions in respect of such index without regard to the interests of the investor in the Notes, and any of these actions could have an adverse effect on the value of the Notes.

Bearer Notes where denominations involve integral multiples: Definitive Bearer Notes

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

Notes issued at a substantial discount or premium

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

OVERVIEW OF THE PROGRAM AND KEY CHARACTERISTICS OF THE NOTES

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

NWB Bank

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

As of 31 December 2016, NWB had total assets of €94,414 million (€91,314 million as of 31 December 2015) and total equity of €1,507 million (€1,399 million as of 31 December 2015). In 2016, NWB Bank had net profit of €107 million (€95 million in 2015).

NWB Bank was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on 5 May 1954. Its legal name is Nederlandse Waterschapsbank N.V. and its trade name is NWB Bank. The duration of NWB Bank is unlimited. It is registered in the trade register of the Chamber of Commerce (*Kamer van Koophandel*) for Den Haag under No. 27049562. NWB Bank's ownership is restricted to the State of the Netherlands and other public entities. 81% of NWB Bank's shares are held by 21 water boards (*waterschappen*), the Dutch State's shareholding is 17% and 9 Dutch provinces hold the remaining 2%. NWB Bank is established in The Hague and has no branches. NWB Bank's business operations are entirely conducted by the Issuer and NWB Bank does not have any subsidiaries.

NWB Bank's registered office is at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. Its telephone number is +31 70 4166266. NWB Bank is authorized by DNB to pursue the business of a credit institution (*kredietinstelling*) in the Netherlands and is consequently supervised by DNB. As NWB Bank is considered a 'significant credit institution' under the SSM, it became subject to direct supervision from the ECB as of November 2014. In addition, for purposes of market conduct supervision, NWB Bank is supervised by the AFM. See 'Nederlandse Waterschapsbank N.V. - Supervision and Regulation' below.

Funding of NWB Bank

Over the past three years, NWB Bank's need for long-term funding has varied between €13.3 billion in 2014, €9.4 billion in 2015 and €12.4 billion in 2016. In order to raise funds on the international capital markets NWB Bank established this Program of €60 billion (or equivalent in other currencies) as well as a U.S. $10 billion commercial paper program, a €25 billion euro-commercial paper and certificate of deposit programme and an AUD 5 billion bond programme, allowing it to raise funds in various markets. NWB Bank raises funds under the above mentioned programs as well as on a stand-alone basis.

Managing board and supervisory board

The managing board of NWB Bank consists of members L.M.T. (Lidwin) van Velden, F. J. (Frenk) van der Vliet and Chairman M. (Menno) Snel.

The supervisory board of NWB Bank currently consists of six members, which are listed in 'Nederlandse Waterschapsbank N.V.'

Financial information relating to NWB Bank

NWB Bank's audited financial information as at and for the years ended 31 December 2016, 2015 and 2014 set out or incorporated by reference herein (the '**Financial Information**') has been prepared in accordance with generally accepted accounting principles in the Netherlands prepared on the basis of Title 9 of Book 2 of the Dutch Civil Code and the Dutch Accounting Standards ('**DAS**') as issued by the Dutch Accounting Standards Board ('**DASB**') (hereinafter collectively '**Dutch GAAP**'). The financial information for the years ended 31 December 2015 and 2014 has been audited by KPMG Accountants N.V. As of 1 January 2016, Ernst & Young Accountants LLP ('**Ernst & Young**') became the new external auditor to audit the financial information of NWB Bank as a consequence of the mandatory audit firm rotation pursuant to the Dutch Audit Profession Act (*Wet op het accountantsberoep*). The financial information for the year ended 31 December 2016 has been audited by Ernst & Young. Unless otherwise indicated, the financial information in this Base Prospectus relating to NWB Bank has been derived from the Financial Information.

NWB Bank prepared its financial statements in accordance with IFRS-EU from 2005 through 2010, applying the fair value option under IFRS EU. Under IFRS EU applied with fair value option, a large portion of NWB Bank's loans was designated and stated at fair value through profit or loss. Under this accounting method, changes in market value of NWB Bank's loans, including changes in value caused by interest spreads, had the potential to result in substantial unrealized gains and losses. In 2011 NWB Bank decided to prepare its financial statements in accordance with Dutch GAAP with effect from 1 January 2011 in order to better reflect its position as a public-sector bank. NWB Bank elected to convert to Dutch GAAP, because IFRS EU did not provide for the possibility to cease applying the fair value option on a retrospective basis. Dutch GAAP has several specific choices in respect of the measurement and recognition of gains and losses on financial instruments. The measurement and recognition choices depend on the category in which the financial instrument is classified. Under Dutch GAAP, NWB Bank measures its loans (granted and funded) at amortized cost and continues to measure its derivatives at fair value and subsequently applies fair value hedge accounting.

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

The following table sets out certain selected financial data as at and for the years ended 31 December 2016, 2015, 2014, 2013 and 2012 prepared in accordance with Dutch GAAP.

	As at and for the year ended 31 December				
	2016	2015 (restated)	2014	2013	2012
	(€ millions, except percentages and per share data)				
Balance Sheet					
Long-term loans and advances	48,260	49,069	49,421	49,595	48,142
Equity	1,507	1,399	1,303	1,256	1,226
Total assets	94,414	91,314	88,249	73,006	76,084
Risk-weighted assets	1,821	1,421	1,152	1,039	933
Results					
Net interest income	218	177	117	95	107
Results from financial transactions	(25)	(6)	(16)	(14)	(24)
Operating income	193	171	101	81	83
Total operating expenses[1]	44	39	31	31	26
Income tax expense	42	37	21	16	17
Net profit	107	95	49	34	40
Dividends					
Dividend distribution	0	0	0	0	0

	As at and for the year ended 31 December				
	2016	2015 (restated)	2014	2013	2012
	(€ millions, except percentages and per share data)				
Ratios (%)					
Tier 1 ratio[2]	61.2[3]	79.8[3]	73.0[3]	100.9	111.2
Operating expenses/interest ratio[4]	8.6	9.8	13.8	16.9	13.1
Capital ratio[5]	1.6	1.5	1.5	1.8	1.6
Leverage ratio[6]	2.3	2.1	1.8	1.9	-
Liquidity coverage ratio[7]	146	134	144	110	-
Net stable funding ratio[8]	123	117	107	107	-

(1) Including bank tax. For 2016 and 2015, total operating expenses also includes NWB Bank's payments to the SRF.

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

(3) With the CRD IV having taken effect on 1 January 2014, the Tier 1 ratio dropped by approximately a quarter, due to the introduction of the credit valuation adjustment ('**CVA**') capital charge. Excluding profit for the year, the Tier 1 ratio as at 31 December 2014 would have been 70.3%. Excluding profit for the year, the Tier 1 ratio as at 31 December 2015 would have been 75.0%. Excluding profit for the year, the Tier 1 ratio as at 31 December 2016 would have been 57.6%. The Tier 1 ratio decrease in 2016 compared to 2015 was principally due to NWB Bank applying a different method of calculating the CVA capital charge.

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

(5) Equity as a percentage of total assets.

(6) Tier-1 capital divided by a measure of non-risk weighted assets (including specific off-balance sheet items). The leverage ratios presented in the table are calculated based on the modified method for calculating leverage ratios announced by the Basel Committee on Banking Supervision in January 2014 and adopted in 2015. See 'Operating and Financial Review – Liquidity and Capital Resources – Capital Management'.

(7) The LCR addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. See 'Operating and Financial Review – Liquidity and Capital Resources – Capital Management'.

(8) The NSFR requires that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities, i.e. that long-term assets are covered with sufficient stable funding. See 'Operating and Financial Review – Liquidity and Capital Resources – Capital Management'.

Key characteristics of the Program and the Notes

Description	Debt Issuance Program
Issuer	Nederlandse Waterschapsbank N.V. ('**NWB Bank**')
Program	The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency as may be agreed between the Issuer and the relevant Dealer. The aggregate nominal amount, any interest rate or interest calculation, the issue price and any other terms and conditions contained herein with respect to each Series (as defined on the cover page) of Notes will be determined at the time of issuance and set forth in the applicable final terms (the '**Final Terms**')
Size	Up to €60,000,000,000 aggregate principal amount of Notes (or its equivalent in any other currency calculated as described herein) outstanding at any time. The Issuer may increase the amount of the Program in accordance with the terms of the program agreement dated 28 April 2017 (as further amended and/or supplemented and/or restated from time to time, the '**Program Agreement**')
Joint-Arrangers	Merrill Lynch International The Royal Bank of Scotland plc (trading as NatWest Markets)
Dealers	ABN AMRO Bank N.V. Bank of Montreal, London Branch Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Coöperatieve Rabobank U.A. (Rabobank) Crédit Agricole Corporate and Investment Bank Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International HSBC Bank plc ING Bank N.V. J.P. Morgan Securities plc Landesbank Baden-Württemberg Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc Natixis Nomura International plc Norddeutsche Landesbank - Girozentrale - RBC Europe Limited Scotiabank Europe plc Shinkin International Ltd

	SMBC Nikko Capital Markets Limited The Royal Bank of Scotland plc (trading as NatWest Markets) The Toronto-Dominion Bank Zürcher Kantonalbank
Principal Paying Agent	Citibank N.A.
Non-U.S. Paying Agent	Banque Internationale à Luxembourg, only with respect to Tranches (as defined on the cover page) of Notes which are solely offered and sold by the Issuer and/or the Dealers in bearer form outside the United States of America ('**U.S.**') to non-U.S. persons in reliance on Regulation S and only if so specified in the applicable Final Terms
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis
Currencies	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish krone, Euro, Hong Kong dollars, New Zealand dollars, Sterling, Swiss Francs, Norwegian krone, Swedish krona, Turkish lira, U.S. Dollars, South African rand and Japanese yen
Redenomination	The applicable Final Terms may provide that the Notes may be redenominated in Euro. The relevant provisions applicable to such redenomination are contained in Condition 4 of the Terms and Conditions of the Notes
Alternative Currency	If the Issuer is due to make any payment in a currency in respect of any Notes and such currency (the '**Original Currency**') is not available on the foreign exchange markets due to the imposition of exchange controls or due to the Original Currency's replacement or disuse or other circumstances beyond the Issuer's control, the Issuer will be entitled to satisfy its obligation in respect of that payment by making that payment in another currency (the '**Alternative Currency**') if so specified in the applicable Final Terms. The applicable exchange rate will be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner. Any payment made by the Issuer under such circumstances in the Alternative Currency shall constitute valid payment and shall not constitute an Event of Default (as defined in Condition 10 of the Terms and Conditions of the Notes).
Maturities	Any maturity, subject to applicable laws, regulations and restrictions and subject to a minimum maturity of one month
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or

premium over, par. The Issue Price will be disclosed in the Final Terms

Issuance in Series

The Notes will be issued in Series, each of which will comprise one or more Tranches. The Notes of each Series will all be subject to identical terms, except that the issue date, issue price and the date of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations

Form of Notes

The Notes will be issued in bearer form ('**Bearer Notes**') or registered form ('**Registered Notes**') as set out in the applicable Final Terms. Registered Notes will not be exchangeable for Bearer Notes and vice versa. No single Tranche may comprise both Bearer Notes and Registered Notes

Bearer Notes

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

Interests in the Temporary Bearer Global Note will be exchangeable as described therein for either interests in a permanent bearer global Note (a '**Permanent Bearer Global Note**' and together with the Temporary Bearer Global Notes, the '**Bearer Global Notes**') or Bearer Notes in definitive form ('**Definitive Bearer Notes**') from the 40th day after the date on which the Temporary Bearer Global Note is issued upon certain conditions including, in the case of a Temporary Bearer Global Note where the issue is subject to the TEFRA D Rules, upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a Permanent Bearer Global Note is

exchangeable for Definitive Bearer Notes either (i) upon not less than 30 days' notice or (ii) upon the occurrence of certain Exchange Events, as described in 'Form of the Notes' herein. Any interest in a Bearer Global Note will be transferable only in accordance with the rules and procedures for the time being of either Euroclear and/or Clearstream, Luxembourg as appropriate

Registered Notes

The Registered Notes of each Tranche offered and sold in 'offshore transactions' within the meaning of Regulation S will be sold to non-U.S. persons outside the United States and will initially be represented by a global note in registered form (a '**Regulation S Global Note**'). The Registered Notes of each Tranche offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to QIBs and will initially be represented by a global note in registered form (a '**Rule 144A Global Note**' and, together with a Regulation S Global Note, the '**Registered Global Notes**' and together with Bearer Global Notes, '**Global Notes**')

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

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

Fixed Rate Notes

Interest on Fixed Rate Notes will be payable on the date or dates specified in the applicable Final Terms and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer (as specified in the applicable Final Terms)

Floating Rate Notes

Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency or on the basis of a reference rate appearing on the agreed screen page of a commercial

	quotation as specified in the applicable Final Terms. The Margin, if any, will be specified in the applicable Final Terms
FX Linked Notes	Payments in respect of interest on FX Linked Interest Notes or payments in respect of principal on FX Linked Redemption Notes will be calculated based on the formula's specified in Condition 5.2(c) and/or Condition 7.8 of the Terms and Conditions of the Notes, respectively, by reference to such exchange rate as may be specified in the applicable Final Terms
Inflation Linked Notes	Payments in respect of interest on Inflation Linked Notes will be calculated by reference to such inflation index as may be specified in the applicable Final Terms
CMS Linked Notes	Payments in respect of interest on CMS Linked Notes will be calculated by reference to the difference between two separate notional constant maturity swaps, which are weighted in accordance with Multipliers as specified in the applicable Final Terms in relation to which a further Margin (if any) will be specified in the applicable Final Terms
Other provisions in relation to Floating Rate Notes, FX Linked Interest Notes, CMS Linked Notes and Inflation Linked Notes	Floating Rate Notes, FX Linked Interest Notes, CMS Linked Notes or Inflation Linked Notes may also have a minimum interest rate, a maximum interest rate or both
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their principal amount or at par and will not bear any interest
Early Redemption	The applicable Final Terms will indicate either (i) that the Notes cannot be redeemed prior to their stated maturity (other than in specified installments (see below), if applicable, or for taxation reasons (Condition 7.2 of the Terms and Conditions of the Notes) or following an Event of Default (as defined in Condition 10 of the Terms and Conditions of the Notes)), (ii) that such Notes will be redeemable at the option of the Issuer ('**Issuer Call Option**') and/or the Noteholders ('**Investor Put Option**') upon giving not less than 15 nor more than 30 Business Days irrevocable notice (as specified in the applicable Final Terms) to the Noteholders in the case of an Issuer Call Option and upon giving not less than 15 Business Days nor more than 30 Business Days irrevocable notice (as specified in the applicable Final Terms) to the Issuer in the case of an Investor Put Option, on a date or dates specified prior to such stated maturity and at a price or

	prices as are specified in the applicable Final Terms, or (iii) that such Notes will be automatically redeemed by the Issuer upon the occurrence of an Automatic Early Redemption Event
Installment Notes	The applicable Final Terms may provide that Notes may be repayable in two or more installments in such amounts and on such dates as specified therein
Denomination of Notes	Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each Note will be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes)
Taxation	Payments in respect of the Notes will be made without withholding or deduction unless required by law. The Final Terms will specify whether or not the Issuer will be required (subject to certain exceptions) to pay additional amounts for Dutch withholding taxes on payments on the Notes. If the applicable Final Terms provide that the Issuer is not required to pay any additional amounts for Dutch withholding taxes (if any) on payments on the Notes, it will also specify that Condition 7.2 of the Terms and Conditions of the Notes will not apply to the Notes
Negative Pledge	See Condition 3 of the Terms and Conditions of the Notes
Cross Default	None
Status of the Notes	The Notes will constitute unsecured and unsubordinated obligations of the Issuer and will rank pari passu without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law
Rating	The Program has been rated AAA (in respect of Notes with a maturity of more than one year) and A-1+ (in respect of Notes with a maturity of one year or less) by Standard & Poor's and has been rated P-1 (in respect of short-term Notes) and Aaa (in respect of senior unsecured medium-term Notes) by Moody's. An obligation rated 'AAA' by Standard & Poor's has the highest rating. According to Standard & Poor's, the obligor's capacity to meet its financial commitment on the obligation is extremely strong. A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. According to Standard & Poor's, the obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet

its financial commitment on these obligations is extremely strong.[3] Moody's long-term ratings are assigned to obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. According to Moody's, obligations rated 'Aaa' are judged to be of the highest quality and subject to the lowest level of credit risk. Moody's short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect the likelihood of a default on contractually promised payments. Issuers (or supporting institutions) rated 'Prime-1' have a superior ability to repay short-term debt obligations[4]

Tranches or Series of Notes issued under the Program may be rated or unrated. Where a Tranche or Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Program. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. As of the date of this Base Prospectus, each of Standard & Poor's and Moody's is established in the European Union and is registered under the CRA Regulation

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

Listing

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

Governing Law

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by,

[3] https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352.
[4] http://www.moodys.com/research/Moodys-Rating-Symbols-Definitions--PBC_79004.

	and construed in accordance with, the laws of the Netherlands
Terms and Conditions	The Terms and Conditions applicable to each Series will be agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Series, and will be specified in the applicable Final Terms. A form of the Final Terms is set out below (see 'Form of Final Terms')
Selling Restrictions	There are selling restrictions in relation to the European Economic Area, France, the Netherlands, the United Kingdom, Japan and the United States as may be required in connection with the offering and sale of a particular Tranche of Notes (see 'Plan of Distribution' below)
Transfer Restrictions	Regulation S Category 2; Rule 144A; and TEFRA D/TEFRA C/TEFRA not applicable, as specified in the applicable Final Terms (see 'Transfer Restrictions' below)
Regulatory Matters	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see 'Plan of Distribution' and 'Transfer Restrictions' below)

IMPORTANT NOTICES

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

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

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

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

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

The Program provides that Notes may be admitted to listing, trading and/or quotation on Euronext Amsterdam, the Luxembourg Stock Exchange, Euronext Paris, Eurex Deutschland and the London Stock Exchange. In addition, Notes may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Final Terms. The Program also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

The Issuer will give undertakings in connection with the listing of the Notes on Euronext Amsterdam, the Luxembourg Stock Exchange, Euronext Paris, Eurex Deutschland, the London Stock Exchange or any other stock exchange or market to the effect that, so long as any Note remains outstanding and listed on Euronext Amsterdam, the Luxembourg Stock Exchange, Euronext Paris, Eurex Deutschland, the London Stock Exchange or any other stock exchange or market in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Base Prospectus or if a significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus arises or is noticed, the Issuer will prepare a supplement to this Base

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

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

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

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

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

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

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

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

review, *inter alia*, the Financial Information (as defined in 'Presentation of Financial and Other Information – Presentation of Financial Information') and the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

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

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

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

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

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms in respect of any Notes includes a legend entitled 'Prohibition of Sales to EEA Retail Investors', the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ('**EEA**'). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ('**MiFID II**'); (ii) a customer within the meaning of Directive 2002/92/EC ('**IMD**'), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the '**PRIIPs Regulation**') for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

This Base Prospectus has been prepared on the basis that, prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes specifies 'Prohibition of Sales to EEA Retail Investors' as 'Not Applicable', except to

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

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

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

To the extent sub-paragraph (i) or (ii) applies, all offers remain subject to restrictions set out in 'Plan of Distribution'. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression '**Prospectus Directive**' means Directive 2003/71/EC as amended (including by Directive 2010/73/EC) and includes any relevant implementing measure in the Relevant Member State.

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

However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted in accordance with all applicable laws and regulations. Any stabilization activity in connection with the Notes listed or to be listed on Euronext Amsterdam will be conducted (on behalf of the Stabilizing Manager(s)) by a member of Euronext Amsterdam. Any loss or profit sustained as a consequence of any such over-allotment or stabilizing shall, as against the Issuer, be for the account of the Stabilizing Manager(s).

All references in this document to 'U.S. Dollars', 'U.S. $' and '$' refer to the currency of the United States, those to 'Japanese Yen', 'Yen' and '¥' refer to the currency of Japan, those to 'Swiss Francs' and 'CHF' refer to the

currency of Switzerland, those to ‘Sterling’ and ‘£’ refer to the currency of the United Kingdom, those to ‘AUD’ refer to the currency of Australia and those to ‘€’, ‘Euro’ and ‘EUR’ refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. All references to ‘the Netherlands’, ‘the State of the Netherlands’ and ‘the Dutch State’ are limited to the part of the Kingdom of the Netherlands that is situated in Europe.

AVAILABLE INFORMATION

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

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

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

In the absence of an enforcement treaty between the Netherlands and the United States, a judgment of a U.S. court cannot be enforced in the Netherlands. In order to obtain a judgment that can be enforced in the Netherlands against the Issuer, the dispute will have to be re-litigated before the competent Netherlands court. The basic premise is that a final judgment for payment given by a court in the United States will in principle be acknowledged in the Netherlands if (i) the jurisdiction of the U.S. court is based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgment by the U.S. court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*), (iii) acknowledgement of the judgment of the U.S. court is not contrary to Dutch public policy (*openbare orde*), and (iv) the judgment by the U.S. court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgement in the Netherlands. Moreover, even if a judgment by a U.S. court satisfies the above requirements, the Dutch court may still deny a claim for a judgment if such U.S. court judgment is not, not yet or no longer formally enforceable according to the relevant U.S. state and federal laws. Dutch courts may deny the recognition and enforcement of punitive damages or other similar awards. Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. In addition, there is doubt as to whether a Dutch court would impose civil liability on the Issuer, its officers or directors or certain experts named herein in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in the Netherlands against the Issuer or such directors or experts, respectively.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

NWB Bank's financial information included in this Base Prospectus consists of the following:

- The audited financial information of NWB Bank prepared in accordance with Dutch GAAP as at and for the financial years ended 31 December 2016, 2015 and 2014; and
- Selected financial information of NWB Bank as at and for the financial years ended 31 December 2013 and 2012.

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

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

Certain Defined Terms and Conventions

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

(ii) the audited financial information and auditors report as at and for the years ended 31 December 2016, 2015 and 2014 prepared on the basis of Dutch GAAP as included in NWB Bank's annual report for 2016 on pages 108 up to and including page 168, NWB Bank's annual report for 2015 on pages 75 up to and including page 129 and NWB Bank's annual report for 2014 on pages 78 up to and including page 131, respectively;

(iii) to the extent they apply to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes, the Terms and Conditions of the Notes taken from the Base Prospectuses dated 10 June 2002 (page 19 up to and including 35), 10 June 2003 (page 19 up to and including 35), 11 June 2004 (page 20 up to and including 36), 7 July 2005 (page 27 up to and including 42), 6 July 2006 (page 26 up to and including 41), 6 July 2007 (page 38 up to and including 54), 7 July 2008 (page 39 up to and including 56), 19 May 2009 (page 47 up to and including 67), 18 May 2010 (page 49 up to and including 69), 3 May 2011 (page 85 up to and including 112), 7 October 2011 (page 74 up to and including 97), 10 May 2012 (page 77 up to and including 99), 28 May 2013 (page 73 up to and including 112); and

(iv) the Terms and Conditions of the Notes taken from the Base Prospectuses dated 28 April 2014 (page 73 up to and including 112), 28 April 2015 (page 73 up to and including 113) and 28 April 2016 (page 74 up to and including 114).

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

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

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

FORM OF THE NOTES

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

Bearer Notes

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

(i) if the Bearer Global Notes are intended to be issued in NGN form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date (the '**Issue Date**') of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg; or

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

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

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

On and after the date (the '**Exchange Date**') which will be from the 40th day after the date on which the Temporary Bearer Global Note is issued, interests in the Temporary Bearer Global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a Permanent Bearer Global Note without receipts, interest coupons or talons or for Definitive Bearer Notes (as specified in the applicable Final Terms) in each case, if the Notes are issued in accordance with TEFRA D Rules, against certification of non-U.S. beneficial ownership as described in the preceding paragraph unless such certification has already been given. Bearer Notes will not be delivered in the United States. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date, unless upon due presentation of the Temporary Bearer Global Note for exchange as aforesaid, delivery of an interest in a Permanent Bearer Global Note or of Definitive Bearer Notes or Coupons is improperly withheld or refused.

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

Payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through the relevant clearing system(s) (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification. A Permanent Bearer Global Note will be exchangeable (free of charge), in whole or, subject to the Notes which continue to be represented by the Permanent Bearer Global Note being regarded by the relevant clearing system(s) as fungible with the Definitive Bearer Notes issued in partial exchange for such Permanent

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

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

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

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

Bearer Notes will be issued in Specified Denomination subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Bearer Notes of any other denomination.

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

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a '**Regulation S Global Note**'). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account

or benefit of, a U.S. person save as otherwise provided in Condition 2 of the Terms and Conditions of the Notes and may not be held otherwise than through DTC, Euroclear and/or Clearstream, Luxembourg, and such Regulation S Global Note will bear a legend regarding such restrictions on transfer. The Registered Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to QIBs and will be represented by a global note in registered form (a '**Rule 144A Global Note**' and, together with a Regulation S Global Note, '**Registered Global Notes**').

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

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

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

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

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in such Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of

DTC or Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see 'Plan of Distribution' and 'Transfer Restrictions'.

General

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number ('identifying number(s)') which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche, and in the case of Bearer Notes issued in accordance with the TEFRA D Rules that are initially represented by a Temporary Bearer Global Note exchangeable for interests in a Permanent Bearer Global Note or Definitive Bearer Notes, such additional Bearer Notes will have a unique identifying number or numbers until such exchange occurs following certification of non-U.S. beneficial ownership, and in the case of Registered Notes, such additional Registered Notes will have a unique identifying number or numbers unless such further Registered Notes are fungible with the previously issued Registered Notes for U.S. federal income tax purposes.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent.

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

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, or Clearstream, Luxembourg, (together, the '**Clearing Systems**') currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a 'banking organization' within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a 'clearing corporation' within the meaning of the New York Uniform Commercial Code and a 'clearing agency' registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ('**Participants**') deposit with DTC. DTC also facilitates the clearance and settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants ('**Direct Participants**') include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ('**DTCC**'). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ('**Indirect Participants**'). More information about DTC can be found at www.dtcc.com and www.dtc.org, but such information is not incorporated by reference in and does not form part of this Base Prospectus.

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

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

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of

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

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

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

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

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorized representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in 'street name', and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

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

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

Euroclear and Clearstream, Luxembourg

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

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

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

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

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

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

Transfers of Notes Represented by Global Notes

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

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

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

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

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

FORM OF FINAL TERMS

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

Final Terms dated [ ]

Nederlandse Waterschapsbank N.V.

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

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

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the '**Conditions**') set forth in the base prospectus dated 28 April 2017 [and the supplement(s) to it dated [ ]] [which [together] constitute[s] a base prospectus (the '**Base Prospectus**') for the purposes of Directive 2003/71/EC, as amended (the '**Prospectus Directive**').] [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.] Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [https://www.nwbbank.com/funding-programmes.html] and is available for viewing at the registered office of the Issuer at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. In addition, copies may be obtained from Citibank N.A., Citigroup Centre Canada Square, Canary Wharf, London E14 5LB, United Kingdom (the '**Principal Paying Agent**') [and, only with respect to Tranches of Notes which are solely offered and sold by the Issuer and/or the Dealers in bearer form outside the United States to non-U.S. persons in reliance on Regulation S, from Banque Internationale à Luxembourg, 69, route d'Esch, 2953 Luxembourg, Grand Duchy of Luxembourg (the '**Non-U.S. Paying Agent**')].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date. N.B. when using a post – 1 July 2012 approved base prospectus to tap a previous issue under a pre – 1 July 2012 approved base prospectus, the final terms in the post – 1 July 2012 base prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared. Include correct references to each condition mentioned explicitly by number in the Final Terms to the extent that these number references in the terms and conditions under which the initial tranche was issued differ from number references used in the Conditions set out in full in the Base Prospectus dated 28 April 2017.*]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the '**Conditions**') set forth in the base prospectus dated [*original date*] [and the supplement(s) to it dated [ ]] which are incorporated by reference in the Base Prospectus dated 28 April 2017. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the '**Prospectus Directive**') and must be read in conjunction with the Base Prospectus dated 28 April 2017 [and the supplement(s) to it dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the '**Base Prospectus**'), save in respect of the Conditions which are extracted from the base prospectus dated [*original date*] [and the supplement(s) to it dated [ ]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms [and][,] the Base Prospectus [and the supplement(s) dated [ ]]. The Base Prospectus has been published on [https://www.nwbbank.com/funding-programmes.html] and is available for viewing at the registered office of the Issuer at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. In addition, copies may be obtained from Citibank N.A., Citigroup Centre Canada Square, Canary Wharf, London E14

5LB, United Kingdom (the '**Principal Paying Agent**') [and, only with respect to Tranches of Notes which are solely offered and sold by the Issuer and/or the Dealers in bearer form outside the United States to non-U.S. persons in reliance on Regulation S, from Banque Internationale à Luxembourg, 69, route d'Esch, 2953 Luxembourg, Grand Duchy of Luxembourg (the '**Non-U.S. Paying Agent**')].

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes, from 1 January 2018, are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ('**EEA**'). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ('**MiFID II**'); (ii) a customer within the meaning of Directive 2002/92/EC ('**IMD**'), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Prospectus Directive). Consequently no key information document required by Regulation (EU) No 1286/2014 (the '**PRIIPs Regulation**') for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.][5]

[*Include whichever of the following apply or specify as 'Not Applicable' (N/A). Note that the numbering should remain as set out below, even if 'Not Applicable' is specified for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.*]

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

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

1.	Issuer:	Nederlandse Waterschapsbank N.V.
2.	[(i)] Series Number:	[ ]
	[(ii) Tranche Number:	[ ]
	[(iii) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [*insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 28 below [which is expected to occur on or after [*insert date*]]].]
3.	Specified Currency or Currencies:	[ ]
4.	Aggregate Nominal Amount:	[ ]
	[(i)] Series:	[ ]
	[(ii) Tranche:	[ ]]
5.	Issue Price	[ ] per cent. of the Aggregate Nominal Amount

[5] *Legend to be included unless the Final Terms specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable".*

		[plus accrued interest from [insert date] (if applicable)]
6.	(i) Specified Denominations:	[ ] *(Notes may not be issued in denominations less than €100,000 or the equivalent thereof in another currency)* *(Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies))* (*In the case of JPY consider [The Aggregate Nominal Amount of this Series of Notes shall not exceed the product of the Specified Denomination and forty-nine (49) with the issue of any additional tranches(s) of notes that become fungible to this Series of Notes]*) *If the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording below:* (‘*€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].*’)
	(ii) Calculation Amount:	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.*)
7.	(i) Issue Date:	[ ] (*In the case of FX Linked Notes, Inflation Linked Notes and CMS Linked Notes include date of resolutions/authorizations/approval for issuance of Notes obtained*)
	(ii) Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
8.	Maturity Date:	(S*pecify date (for Fixed Rate Notes) or (for Floating Rate Notes /FX Linked Notes/CMS Linked Notes/Inflation Linked Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9.	Interest Basis:	[[ ] per cent. Fixed Rate]

		[[[ ] month [LIBOR/EURIBOR/*other*]+/- [ ]per cent Floating Rate]. [Floating Rate] [Zero Coupon] [FX Linked Interest] [CMS Linked] [Inflation Linked] (See paragraph [14/15/16/17/18/19] below)
10.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[ ]/[100]] per cent. of their nominal amount] [FX Linked Redemption] [Dual Currency] [Partly Paid] [Installment] (further particulars specified below) [Only for Notes with a Specified Currency where the country or area of which such Specified Currency is the country's or area's lawful currency, has or is expected to have a credit rating lower than the credit rating of the Notes: the provisions of Condition 6.9 [do not] apply. [If Condition 6.9 applies: The Issuer may settle payments due in a Specified Currency (in whole or in part) in another currency on the due date in the circumstances described in Condition 6.9.]
11.	Change of Interest Basis:	[Applicable][Not Applicable]

		The Interest Basis shall change from [Fixed Rate][Floating Rate][Zero Coupon][FX Linked Interest][Inflation Linked][CMS Linked][Non-interest bearing] to [Fixed Rate][Floating Rate][Zero Coupon][FX Linked Interest][Inflation Linked][CMS Linked][Non-interest bearing] (*Specify the date when any change of interest basis occurs or refer to paragraphs 14,15,16,17,18 and 19 below and identify there*) Consider the following language: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*] paragraph [14/15/16/17/18/19/Non-interest bearing] applies and for the period from (and including) [*date*], up to (and including) the Maturity Date, paragraph [14/15/16/17/18/19/Non-interest bearing] applies].
12.	Put/Call Options:	[Investor Put Option][Issuer Call Option][Not Applicable] (See paragraph [21/22] below)
13.	Status of the Notes:	Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Fixed Rate[(s)] of Interest:	[ ] per cent. per annum [payable [annually][semi-annually][quarterly] in arrear on each Interest Payment Date]
	(ii) Specified Interest Period(s):	[ ]
	(iii) Specified Interest Payment Date(s):	[ ] (*NB: This will need to be amended in the case of long or short coupons*)
	(iv) Business Day Convention:	
	- Business Day Convention:	[Fixed Rate Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention]
	- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted/Unadjusted]
	(v) Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount

	(vi) Broken Amount(s):	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in][on] [ ]][Not Applicable]
	(vii) Day Count Fraction:	[30/360 or Actual/Actual (ICMA)][Actual/365 (fixed)][Actual/365(Sterling)]
	(viii) Interest Determination Date(s):	[ ] in each year *(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)* *(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)* *(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
15.	Floating Rate Note Provisions:	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Specified Interest Period(s):	[ ]
	(ii) Specified Interest Payment Dates:	[ ]
	(iii) Business Day Convention:	
	- Business Day Convention:	[Floating Rate Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention]
	- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted/Unadjusted]
	(iv) Business Centre(s):	[ ]
	(v) Manner in which the Rate of Interest is to be determined:	[Screen Rate Determination][ISDA Determination]
	(vi) Screen Rate Determination:	[Applicable][Not Applicable]
	- Reference Rate:	[LIBOR][EURIBOR]
	- Interest Determination Date(s):	[ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and second day on which the TARGET2 system is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)*

- Relevant Screen Page:	[ ] (*subject to the fall-back provisions set out in Condition 5.2.*) (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate*)
(vii) ISDA Determination:	[Applicable][Not Applicable]
- EURIBOR Rate:	[Applicable][Not Applicable] (*subject to the fall-back provisions set out in Condition 5.2*)
- LIBOR Rate:	[Applicable][Not Applicable] (*subject to the fall-back provisions set out in Condition 5.2*)
- Designated Maturity:	[ ]
- Designated Reference:	[ ]
- Interest Determination Date(s):	[ ]
(viii) Linear Interpolation:	[Applicable][Not Applicable] [The Rate of Interest for the [long][short] [first][last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(ix) Margin:	[+/-] [ ] per cent. per annum
(x) Minimum Rate of Interest:	[ ] per cent. per annum (*NB: if terms and conditions applicable to the notes are the terms and conditions set out fully in a Base Prospectus dated prior to 28 May 2013, the minimum rate of interest must be specified in the Final Terms (this specification can also include '0 per cent. per annum')*).
(xi) Maximum Rate of Interest:	[ ] per cent. per annum
(xii) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)]

16.	Zero Coupon Note Provisions:	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Accrual Yield:	[ ] per cent. per annum
	(ii) Reference Price:	[ ]
	(iii) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 7.5 and 7.12 apply] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)] (*Consider applicable day count fraction if not U.S. Dollar denominated)*
17.	FX Linked Interest Note Provisions:	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Specified Interest Period(s):	[ ]
	(ii) Specified Interest Payment Dates:	[ ]
	(iii) Interest Determination Date(s):	[ ]
	(iv) Business Day Convention:	
	- Business Day Convention:	[Floating Rate Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention]
	- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted][Unadjusted]
	(v) Business Centre(s):	[ ]
	(vi) Multiplier1:	[ ]
	(vii) Base Currency:	[ ]

	(viii) Specified Currency:	[ ]
	(ix) Relevant FX Screen Page:	[ ] (*subject to the fall-back provisions set out in Condition 5.2.*)
	(x) Relevant Time:	[ ]
	(xi) Margin1:	[ ]
	(xii) FX Level1:	[ ]
	(xiii) Minimum Rate of Interest:	[ ] per cent. per annum
	(xiv) Maximum Rate of Interest:	[ ] per cent. per annum
	(xv) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)]
18.	Inflation Linked Note Provisions:	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Inflation Index:	[CPI Monthly Reference Index/HICP Index] (*subject to the fall-back provisions set out in Condition 5.2.*)
	(ii) Index Sponsor:	[ ]
	(iii) Specified Interest Payment Dates:	[ ]
	(iv) Specified Interest Period(s):	[ ]
	(v) Interest Determination Date(s):	[ ]

	(vi) Business Day Convention:	
	- Business Day Convention:	[Floating Rate Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention]
	- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted][Unadjusted]
	(vii) Business Centre(s):	[ ]
	(viii) Margin3	[ ]
	(ix) Revisions permitted	[Revision][No Revision]
	(x) Minimum Rate of Interest:	[ ] per cent. per annum
	(xi) Maximum Rate of Interest:	[ ] per cent. per annum
	(xii) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)]
19.	CMS Linked Note Provisions	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Specified Interest Payment Dates:	[ ]
	(ii) Specified Interest Period(s):	[ ]
	(iii) Interest Determination Date(s):	[ ]
	(iv) Business Day Convention:	
	- Business Day Convention:	[Floating Rate Convention][Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention]
	- Adjusted or Unadjusted for Interest Period calculation:	[Adjusted][Unadjusted]
	(v) Business Centre(s):	[ ]

	(vi) Multiplier2:	[ ]
	(vii) Multiplier3:	[ ]
	(viii) Multiplier4:	[ ]
	(ix) CMS Rate1:	[ ] (*subject to the fall-back provisions set out in Condition 5.2.*)
	- Designated Maturity1:	[ ]
	- Designated Reference:	[Swiss Franc][EURLibor][Sterling][Japanese Yen][U.S. Dollar][Not Applicable]
	(x) CMS Rate2:	[ ] (*subject to the fallback provisions set out in Condition 5.2.*)
	- Designated Maturity2:	[ ]
	- Designated Reference:	[Swiss Franc][EURLibor][Sterling][Japanese Yen][U.S. Dollar][Not Applicable]
	(xi) Margin2:	[ ]
	(xii) Minimum Rate of Interest:	[ ] per cent. per annum
	(xiii) Maximum Rate of Interest:	[ ] per cent. per annum
	(ix) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/Bond Basis] [(30/360)/(360/360)] [30E/360/Eurobond Basis] [30E/360 (ISDA)]
20.	Dual Currency Note Provisions:	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Principal payable in other currency than Specified Currency:	[Applicable][Not Applicable] (*if applicable include currencies in which principal is payable*)

	(ii) Interest payable in other currency than Specified Currency:	[Applicable][Not Applicable] (*if applicable include currencies in which interest is payable*)
	(iii) Rate of Exchange:	(*Provide exchange rate*)

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call Option:	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note:	[ ] per Calculation Amount
	(iii) If redeemable in part:	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	- Minimum Redemption Amount:	[ ] per Calculation Amount
	- Maximum Redemption Amount:	[ ] per Calculation Amount
	(iv) Notice Period:	[ ] days
22.	Investor Put Option	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note:	[ ] per Calculation Amount
	(iii) Notice Period:	[ ] days[6]
23.	Early Redemption:	[Applicable][Not Applicable]
	(i) Early Redemption Amount(s) payable on redemption:	[[ ] /[paid up] nominal amount] of the Note on the date of redemption [adjusted for Early Redemption Unwind Costs] [together with accrued interest][Final Redemption Amount]
	(ii) Redemption for tax reasons (Condition 7.2) permitted at any time:	[Applicable][Not Applicable] (*'Applicable' only in the case of Notes other than Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes*)

[6] Minimum of 15 business days

	(iii) Redemption for tax reasons (Condition 7.2) permitted on Interest Payment Dates only:	[Applicable][Not Applicable] (*'Applicable' only in the case of Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes*)
	(iv) Unmatured Coupons to become void upon early redemption:	[Applicable][Not Applicable]
	(v) Early Redemption Unwind Costs:	[Not Applicable][Applicable] (*if applicable specify amount/Standard Early Redemption Unwind Costs*)
24.	Whether Condition 8(a) of the Notes applies (in which case Condition 7.2 (Redemption for tax reasons) of the Notes will not apply) or whether Condition 8(b) of the Notes applies (in which case Condition 7.2 (Redemption for tax reasons) may be specified as being Applicable):	[Condition 8(a) applies and Condition 7.2 does not apply] [Condition 8(b) applies] [and] [Condition 7.2 applies.]
25.	Final Redemption Amount:	[[ ] per Calculation Amount] (*In connection with FX Linked Redemption Notes only* [the Final FX Linked Redemption Amount as calculated in accordance with Condition 7.8.])
26.	FX Linked Redemption Note Provisions:	[Applicable][Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Relevant FX Screen Page:	[ ]
	(ii) Relevant Time:	[ ]
	(iii) Final Redemption Determination Date:	[ ]
	(iv) Base Currency:	[ ]
	(v) FX Level2:	[ ]
	(vi) Specified Payment Date:	[ ]
27.	Automatic Early Redemption Provisions:	[Applicable][Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Automatic Early Redemption Amount:	[ ] [per Calculation Amount]
	(ii) Automatic Early Redemption Event:	When the Automatic Early Redemption Observation Level is ['greater than'/ 'greater than or equal to'/ 'less than'/ 'less than or equal to'] the Automatic Early Redemption Trigger Level.

(iii) Automatic Early Redemption Observation Level:	[Specify relevant exchange rate/ Specify relevant FX Screen Page, Base Currency and Relevant Time] [Aggregate Interest Amount]
(iv) Automatic Early Redemption Observation Period:	[ ]
(v) Automatic Early Redemption Trigger Level:	[Specify relevant exchange rate/ Specify relevant FX Screen Page, Base Currency and Relevant Time] [Specify Target Redemption Amount]
(vi) Interest Determination Date(s):	[ ]
(vii) Notice Period:	[ ]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28.	Form of Notes:	[Bearer Notes] [Temporary Bearer Global Note exchangeable from 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership if Bearer Notes issued pursuant to the TEFRA D Rules, for interests in a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes upon not less than 30 days' notice given by the holder at any time/only upon the occurrence of an Exchange Event] [Temporary Bearer Global Note exchangeable from 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership if Bearer Notes issued pursuant to the TEFRA D Rules, for Definitive Bearer Notes] [Permanent Bearer Global Note exchangeable for Definitive Bearer Notes upon not less than 30 days' notice given by the holder [at any time/only upon the occurrence of an Exchange Event]][7]

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

		(Ensure that this is consistent with the wording in the 'Form of the Notes' section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: '[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].' Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Bearer Notes.))
		[Registered Notes]
		[Regulation S Global Note (U.S. $[ ] principal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and Clearstream, Luxembourg.]]
		[Rule 144A Global Note (U.S. $[ ] principal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg /a common safekeeper for Euroclear and Clearstream, Luxembourg.]]
29.	New Global Note:	[Yes][No]
30.	New Safekeeping Structure:	[Applicable; but only as to Regulation S Global Note][Not Applicable]
31.	Form of Definitive Bearer Notes:	[Standard Euromarket][Not Applicable]
32.	Financial Centre(s) or other special provisions relating to Payment Dates:	[Applicable [*specify relevant Financial Centre(s)*][Not Applicable] (*Note that this item relates to the place of payment, and not Interest Period end dates*)
33.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Applicable][Not Applicable] (*If applicable yes give dates*)

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

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [admission to [listing and] trading on [Euronext Amsterdam/the Luxembourg Stock Exchange/Euronext Paris/Eurex Deutschland/the London Stock Exchange/[*specify other stock exchange or market*] of the Notes described herein] pursuant to the €60,000,000,000 Debt Issuance Program of Nederlandse Waterschapsbank N.V.

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: …….

Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam][the Luxembourg Stock Exchange][Euronext Paris][Eurex Deutschland][the London Stock Exchange][*specify other stock exchange or market*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam][the Luxembourg Stock Exchange][Euronext Paris][Eurex Deutschland][the London Stock Exchange][*specify other stock exchange or market*] with effect from [ ].] [Not Applicable.] Fungible instruments of the same Series admitted to trading on: [Euronext Amsterdam][the Luxembourg Stock Exchange][Euronext Paris][Eurex Deutschland][the London Stock Exchange][*specify other stock exchange or market*]
(ii) Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[The Program has been rated: [AAA] (*in respect of Notes with a maturity of more than one year*) [A-1+] (*in respect of Notes with a maturity of one year or less*) by S&P and has been rated [P-1] (*in respect of short-term Notes*)] [Aaa] (*in respect of senior unsecured medium-term Notes*) by Moody's] [The Notes to be issued have not been rated.] [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]: [S&P: [ ]] [Moody's: [ ]] [[Other]: [*Insert the full legal name of credit rating agency*]] [*include below as appropriate*]

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

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

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

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

[[*Insert the full legal name of non-EU credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended). However, the application for registration under the CRA Regulation of [*insert the full legal name of EU credit rating agency that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the full legal name of non-EU credit rating agency*][, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the full legal name of EU credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[Need to include a brief explanation of the meaning of the ratings if this deviates from the explanations given in the section 'Overview' and has previously been published by the rating provider.]

(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.*)

A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

(*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:*)

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

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer/Use of Proceeds: [ ] (*See [‘Use of Proceeds’] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.*)] [in case of social responsible investment (SRI) notes: specify the Issuer’s socially responsible purpose]

(ii) Estimated net proceeds:	[ ] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding*.)
(iii) Estimated total expenses:	[ ] [*Include breakdown of expenses*] *(N.B.: Delete unless the Notes are FX Linked Notes, Inflation Linked Notes, CMS Linked Notes or notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate, in which case (a) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (a), disclosure of net proceeds and total expense and breakdown of expenses and tax charged to Noteholders is also required at (b) and (c) are also required.)]*

5. [*Fixed Rate Notes only* - YIELD

Indication of yield	[ ] [Not applicable] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. OPERATIONAL INFORMATION

ISIN:	[ ]
CUSIP:	[ ]
CINS:	[ ]
Common Code:	[ ]
Any other relevant code:	[ ]
Any clearing system(s) other than DTC, Euroclear Bank SA/NV/ and Clearstream Banking, S.A. and the relevant Identification numbers:	[Not Applicable][Applicable] (*if applicable give name(s), addresses and relevant identification numbers number(s)*)
Delivery:	Delivery [against/free of] payment
Paying Agent(s):	[Principal Paying Agent][Non-U.S. Paying Agent] *(Only the option Non-U.S. Paying Agent will apply if the Tranche of Notes is in bearer form).*
Name, address and contact details of Calculation Agent:	[Principal Paying Agent][Non-U.S. Paying Agent][Issuer][[*name Calculation Agent*] (*if not the Principal Paying Agent, Issuer or the Non-U.S. Paying Agent include the name, address and contact details*)]

[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for registered notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper) [include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
For the purpose of Condition 14, notices to be published in the Financial Times:	[Yes][No]

7. DISTRIBUTION

(i) Method of distribution:	[Syndicated/Non-syndicated]
(ii) If syndicated:	[Not Applicable][Applicable] (*If applicable give names, addresses and underwriting commitments*) (*Where not all of the issue is underwritten, a statement of the portion not covered.*)
(A) Names and addresses of Managers and underwriting commitments/quotas:	[Not Applicable/*give names, addresses and underwriting commitments*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.*)
(B) Date of [Subscription/Syndication] Agreement:	[ ]

(C) Stabilizing Manager(s) (if any):	[Not Applicable][Applicable] (*if applicable give name and a description of the main terms of Stabilization Agreement with respect to stabilization of FX Linked Notes, Inflation Linked Notes, CMS Linked Notes or notes to which Automatic Early Redemption provisions are applicable and where the trigger level is an exchange rate*)[8]
(iii) If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
(iv) Eligibility:	[Rule 144A only][Reg. S only][Rule 144A and Reg. S]
(v) U.S. Selling Restrictions:	[Reg. S Compliance Category 2][TEFRA D][TEFRA C][TEFRA not applicable[9]]
(vi) Offer Period:	*(only applicable to FX Linked Notes, Inflation Linked Notes, CMS Linked Notes and notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate)* [The Aggregate Nominal Amount of the Notes to be issued and allotted will be announced by the Issuer at [ ] hours ([ ] time) on [ ] or such earlier or later date or time as the Issuer may determine and will be announced in [ ].] [The Issuer reserves the right to withdraw the offer of the Notes until [ ] at the latest. Such withdrawal will be announced in the aforementioned publication(s)] [The Issuer reserves the right to increase or reduce the aggregate principal amount of the Notes to be issued. Such increase or reduction will be announced in the aforementioned publication(s)] [[No]/[D/d]ealing in the Notes will be possible before the aggregate principal amount of the Notes is announced as set out above.]
(vii) Reduction of subscriptions:	*(only applicable to FX Linked Notes, Inflation Linked Notes, CMS Linked Notes and notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate)* [[Not Applicable, the terms of the offer do not provide for any reductions of subscriptions] [Give details]]

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

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

(viii) Maximum and minimum subscription amount:	*(only applicable to FX Linked Notes, Inflation Linked Notes, CMS Linked Notes and notes to which an Automatic Early Redemption provision applies where the trigger level is an exchange rate)* [[ ] and [ ]]. (*Give details in aggregate investment amount or number of securities*) [Not Applicable]
(ix) Names of Financial Intermediaries:	[Not Applicable][Applicable] (*if applicable give name and address*)
(x) Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable]

8. [*Floating Rate Notes and CMS Linked Notes only* - HISTORIC INTEREST RATES

[Not Applicable]

Details of historic and future [LIBOR][EURIBOR][CMS] rates can be obtained from [*indicate the relevant Reuters ISDAFIX1 page*]

(*Need to include details of where past and future performance and volatility of the relevant rates can be obtained if not clear from the relevant Reuters ISDAFIX1 page*)

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

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

[Not Applicable]

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

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

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

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

[Not Applicable]

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

(*In case of Fixed Rate Notes, delete paragraphs 8. 9. and 10. above*)

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

11. TERMS AND CONDITIONS OF THE OFFER

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

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

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each Global Note and which will be endorsed on (or, if permitted by the relevant stock exchange or other relevant authority and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each Definitive Bearer Note in the standard euromarket form and each Individual Note Certificate. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Note and definitive Note in the standard euromarket form and each Individual Note Certificate. All capitalized terms that are not defined in these Terms and Conditions will have the meaning given to them in the applicable Final Terms. Reference should be made to 'Form of the Notes' above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.

This Note is one of a series of Notes issued by Nederlandse Waterschapsbank N.V. (the '**Issuer**') pursuant to an Agency Agreement (as defined below). References herein to the '**Notes**' shall be references to the Notes of this Series (as defined below) and shall mean:

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

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

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

4. any Global Note.

Unless the Non-U.S. Agency Agreement (as defined below) is specified in the applicable Final Terms as 'applicable', the Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 28 April 2017 (as further amended and/or supplemented and/or restated from time to time, the '**Principal Agency Agreement**') made between the Issuer and Citibank N.A. as issuing and principal paying agent and agent bank (the '**Principal Paying Agent**', which expression shall include any successor agent) and the other paying agents named therein (together with the Principal Paying Agent, the '**Paying Agents**', which expression shall include any additional or successor paying agents), Citibank N.A. as exchange agent (the '**Exchange Agent**', which expression shall include any successor exchange agent and Citibank, N.A. as registrar (the '**Registrar**', which expression shall include any successor registrar) and transfer agent and the other transfer agents named therein (together with the Registrar, the '**Transfer Agents**', which expression shall include any additional or successor transfer agents).

Any Tranche of Notes and the Receipts (as defined below) and Coupons (as defined below) offered and sold by the Issuer and/or the Dealers in bearer form outside the United States to non-U.S. persons in reliance on Regulation S, and if so specified in the applicable Final Terms, have the benefit of an amended and restated agency agreement dated 28 April 2017 entered into between the Issuer and Banque Internationale à Luxembourg (as further amended and/or supplemented and/or restated from time to time, the '**Non-U.S. Agency Agreement**'). If the Non-U.S. Paying Agent is specified in the Final Terms in connection with an issue of a Tranche of Notes in bearer form that is offered and sold by the Issuer and/or Dealers outside the United States to non-U.S. persons in reliance on Regulation S, all references in the Terms and Conditions of the Notes and the Base Prospectus to the Principal Paying Agent shall, so far as the context permits, be construed as references to the Non-U.S. Paying Agent.

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

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

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

Any reference herein to '**Noteholders**' or '**holders**' in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to '**Receiptholders**' shall mean the holders of the Receipts and any reference herein to '**Couponholders**' shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

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

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

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

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

General Definitions

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

Aggregate Interest Amount	means the amount specified as such in the applicable Final Terms as calculated in accordance with Condition 7.9.
Alternative Currency	has the meaning specified in Condition 6.9.
Amortized Face Amount	has the meaning specified in Condition 7.5(b).
Applicable Maturity	has the meaning specified in Condition 5.2(h).
Automatic Early Redemption Amount	has the meaning specified in Condition 7.9.
Automatic Early Redemption Event	has the meaning specified in Condition 7.9.
Automatic Early Redemption Observation Level	has the meaning specified in Condition 7.9.
Automatic Early Redemption Observation Period	has the meaning specified in Condition 7.9.

Automatic Early Redemption Trigger Level	has the meaning specified in Condition 7.9.
Base Level	has the meaning specified in Condition 5.2(e).
Bearer Global Note	a Permanent Bearer Global Note or a Temporary Bearer Global Note.
Bearer Notes	Notes issued in bearer form.
Broken Amount	the amount specified as such in the applicable Final Terms.
Business Day	a day which is both: (a) a day on which (1) the TARGET2 System is open and (2) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and in any additional Business Centre specified in the applicable Final Terms; and (b) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London or any additional Business Centre).
Business Centre	means the city or cities specified as such in the applicable Final Terms.
Business Day Convention	the Fixed Rate Convention, Floating Rate Convention, Following Business Day Convention, Modified Following Business Day Convention or the Preceding Business Day Convention as specified in the applicable Final Terms.
Calculation Agent	the Principal Paying Agent, Non-U.S. Paying Agent or the Issuer as specified in the applicable Final Terms, or, if different, the entity as specified in the applicable Final Terms. All determinations and calculations made by the Calculation Agent shall be made by it in its sole discretion and in good faith, acting reasonably and on an arms-length basis. All such determinations and calculations so made shall be final and binding (save in the case of manifest error) on all parties. The Calculation Agent shall have no liability or responsibility to any person in relation to the determinations or calculations provided in connection herewith, except in the case of wilful default or bad faith.
Calculation Amount	if there (i) is only one Specified Denomination, the Specified Denomination of the relevant Notes, or (ii) are several Specified Denominations, the highest common factor of those Specified Denominations as specified in the applicable Final Terms.
Clearstream, Luxembourg	Clearstream Banking, S.A.

CMS Linked Note	any note to which the CMS Linked Interest Basis applies as specified in the applicable Final Terms.
CMS Linked Rate of Interest	has the meaning specified in Condition 5.2(d).
CMS Rate1	has the meaning specified in Condition 5.2(d).
CMS Rate2	has the meaning specified in Condition 5.2(d).
CPI Monthly Reference Index	means the definitive consumer price index, excluding tobacco, for all households in metropolitan France, as calculated and published by the INSEE, as such index may be adjusted or replaced from time to time in accordance with these Terms and Conditions.[10]
Day Count Fraction	in respect of the calculation of an amount of interest for any Interest Period: any day count fraction specified as such in the applicable Final Terms calculated in accordance with the method set out in Condition 5.1 or 5.2 as applicable.
Designated Reference	has the meaning specified in Condition 5.2(b).
Determination Period	means the period from (and including) an Interest Determination Date to (but excluding) the next Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date).
Distribution Compliance Period	the period that ends 40-days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer(s) (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue).
DTC	The Depository Trust Company.
Dual Currency Note	a Note in respect of which payments of interest and/or principal may be made in a currency other than the Specified Currency. The applicable Final Terms will specify whether a Tranche constitutes Dual Currency Notes or not.
Early Redemption Amount	(i) an amount equal to the paid up nominal amount of each Note on the date of redemption, adjusted, if so specified in the applicable Final Terms, to account for Early Redemption Unwind Costs together with accrued interest, if so specified in the applicable Final Terms, or (ii) an amount calculated in accordance with Condition 7.5.
Early Redemption Unwind Costs	the amount specified as such in the applicable Final Terms or, if Standard Early Redemption Unwind Costs are specified in the applicable Final Terms, an amount determined by the Calculation Agent in its sole and absolute discretion equal to the sum of (without duplication) all costs, expenses (including loss of

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

	funding), tax and duties incurred by the Issuer in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned pro rata amongst each nominal amount of Notes in the Specified Denomination.
Established Rate	the rate for conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty.
EURIBOR	the Euro-zone inter-bank offered rate.
EURIBOR Rate	has the meaning specified in Condition 5.2(b).
euro, Euro or EUR	the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty on the functioning of the European Union, as amended from time to time, and as defined in article 2 of Council Regulation (EC) no.974/98 of 3 May 1998 on the introduction of the euro as amended from time to time.
Euroclear	Euroclear Bank SA/NV
Eurosystem	the central banking system for the euro.
Event of Default	has the meaning specified in Condition 10.
Exchange Notice	has the meaning specified in Condition 4(d).
Final FX Linked Redemption Amount	means the amount calculated in accordance with Condition 7.8.
Final Redemption Amount	an amount specified as such in the applicable Final Terms unless Condition 7.8 applies in which case the Final FX Linked Redemption Amount will be the final redemption amount.
Fixed Coupon Amount	has the meaning specified in Condition 5.1.
Final Redemption Determination Date	has the meaning specified in Condition 7.8.
Financial Centre	any financial centre, specified as such, in the applicable Final Terms.
Fixed Interest Period	the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.
Fixed Rate Convention	has the meaning specified in Condition 5.1(A).
Fixed Rate of Interest	any fixed rate of interest specified as such in the applicable Final Terms.
Fixed Rate Note	any Note to which a Fixed Rate of Interest applies as specified in the applicable Final Terms.

Floating Rate	any floating interest rate specified as such in the applicable Final Terms.
Floating Rate Convention	has the meaning specified in Condition 5.2(a)(A).
Floating Rate of Interest	has the meaning specified in Condition 5.2(b).
Floating Rate Note	any Note to which a Floating Rate applies as specified in the applicable Final Terms.
Following Business Day Convention	with respect to Fixed Rate Notes has the meaning specified in Condition 5.1(B) and with respect to Floating Rate Notes has the meaning specified in Condition 5.2(a)(B).
FX Linked Notes	the FX Linked Interest Notes and FX Linked Redemption Notes.
FX Linked Interest Note	any Note to which FX Linked Interest Basis applies as specified in the applicable Final Terms.
FX Linked Redemption Note	any Note to which the Final FX Linked Redemption Amount applies as specified in the applicable Final Terms.
FX Rate of Interest	has the meaning specified in Condition 5.2(c).
Global Note	a Registered Global Note together with a Bearer Global Note.
HICP Index	means the European Harmonized Index of Consumer Prices, excluding Tobacco published by EUROSTAT on a monthly basis as shown on Bloomberg page CPTFEMU <Index> (non-revised numbers).[11]
Index Sponsor	has the meaning specified in Condition 5.2(e).
Individual Note Certificates	Registered Notes in definitive form.
Inflation Index	either (i) the HICP Index or (ii) the CPI Monthly Reference Index as specified in the applicable Final Terms.
Inflation Index Cancellation	has the meaning specified in Condition 5.2(e).
Inflation Linked Note	any Note to which the Inflation Linked Rate of Interest applies as specified in the applicable Final Terms.
Inflation Linked Rate of Interest	has the meaning specified in Condition 5.2(e).
INSEE	Institut National de la Statistique et des Etudes Economiques.
Installment Amount	has the meaning specified in Condition 7.6.
Installment Date(s)	has the meaning specified in Condition 7.6.
Installment Note	any Note that may be repayable in two or more installments as specified in the applicable Final Terms.

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

Interest Amount	has the meaning specified in Condition 5.2(g).
Interest Commencement Date	the Issue Date unless otherwise specified in the applicable Final Terms.
Interest Determination Date	means the applicable interest determination date as specified in the applicable Final Terms.
Interest Payment Date(s)	with respect to Fixed Rate Notes has the meaning specified in Condition 5.1(i) and with respect to Floating Rate Notes has the meaning specified in Condition 5.2(a)(i).
Interest Period	has the meaning specified in Condition 5.2(a).
Investor Put Option	has the meaning specified in Condition 7.4.
ISDA Determination	the method for determining the interest rate of Floating Rate Notes as specified in Condition 5.2(b)(i).
Issue Date	the issue date specified as such in the applicable Final Terms.
Issue Price	the issue price of the Notes specified as such in the applicable Final Terms.
Issuer	Nederlandse Waterschapsbank N.V.
Issuer Call Option	has the meaning specified in Condition 7.3.
Latest Level	has the meaning specified in Condition 5.2(e).
Legend	a legend specifying certain restrictions on transfer.
Legended Note	Registered Notes (whether represented by a Rule 144A Global Note or any restricted Individual Note Certificate) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a Legend.
LIBOR	the London inter-bank offered rate.
LIBOR Rate	has the meaning specified in Condition 5.2(b).
Linear Interpolation	the method for determining the interest rate on Floating Rate Notes as specified in Condition 5.2(h).
Long Maturity Note	has the meaning specified in Condition 6.3.
Manifest Error Cut-off Date	has the meaning specified in Condition 5.2(e).
Margin	the margin applicable to the Notes specified as such in the applicable Final Terms.
Maturity Date	the date of maturity of the Notes as specified in the applicable Final Terms.
Maximum Rate of Interest	the maximum rate of interest specified as such in the applicable Final Terms.

Maximum Redemption Amount	the maximum redemption amount specified as such in the applicable Final Terms.
Minimum Rate of Interest	the minimum rate of interest specified as such in the applicable Final Terms or if no such rate is stated the Minimum Rate of Interest shall be deemed zero.
Minimum Redemption Amount	the minimum redemption amount specified as such in the applicable Final Terms.
Modified Following Business Day Convention	with respect to Fixed Rate Notes has the meaning specified in Condition 5.1(C) and with respect to Floating Rate Notes has the meaning specified in Condition 5.2(a)(C).
Multiplier1/Multiplier2/Multiplier3/ Multiplier4	the multiple or fraction specified as such in the applicable Final Terms. The value of the multiple or fraction may be lower than, equal to or higher than 1 (one) or 100% but not lower than or equal to 0 (zero) or 0%. If the multiplier is 1 (one) or 100% there will effectively be no multiplying effect.
Notice Period	means the applicable Notice Period specified in the applicable Final Terms within which the Issuer must notify Noteholders of an event in accordance with the relevant Conditions.
Optional Redemption Amount	an amount specified as such in the applicable Final Terms, and if no such amount is specified, the nominal amount of such Note.
Optional Redemption Date(s)	if specified as applicable in the applicable Final Terms, the date(s) designated and notified by the Issuer to the Noteholders (in the event an Issuer Call Option is applicable) or by the Noteholders to the Issuer (in the event an Investor Put Option is declared applicable).
Original Currency	has the meaning specified in Condition 6.9.
Partly Paid Note	any Note where the issue price is payable in more than one installment as specified in the applicable Final Terms.
Part Payment Amount	means the amount specified as such in the applicable Final Terms.
Part Payment Date	means the date specified as such in the applicable Final Terms.
Payment Day	has the meaning specified in Condition 6.7.
Period of Cessation of Publication	has the meaning specified in Condition 5.2(e).
Permanent Bearer Global Note	a permanent bearer global Note.
Preceding Business Day Convention	with respect to Fixed Rate Notes has the meaning specified in Condition 5.1(D) and with respect to Floating Rate Notes has the meaning specified in Condition 5.2(a)(D).
Put Notice	has the meaning specified in Condition 7.4.
QIB	a qualified institutional buyer within the meaning of Rule 144A.

Rate of Exchange	means the exchange rate specified as such in the applicable Final Terms.
Rate(s) of Interest	either the Fixed Rate of Interest, Floating Rate of Interest, FX Rate of Interest, Inflation Linked Rate of Interest or CMS Linked Rate of Interest as specified in the applicable Final Terms.
Rebased Index	has the meaning specified in Condition 5.2(e).
Record Date	has the meaning specified in Condition 6.5.
Redeemed Notes	has the meaning specified in Condition 7.3.
Redenomination Date	in the case of interest bearing notes, any date for payment of interest under the Notes or, in the case of Zero Coupon Notes, any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) of Condition 4 and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union.
Reference Banks	has the meaning specified in Condition 5.2(b).
Reference Level	has the meaning specified in Condition 5.2(e).
Reference Month	has the meaning specified in Condition 5.2(e).
Reference Price	the reference price specified as such in the applicable Final Terms.
Reference Rate	the rate specified as such in the applicable Final Terms being either EURIBOR or LIBOR.
Register	has the meaning specified in Condition 6.5.
Registered Global Note	a Rule 144A Global Note together with a Regulation S Global Note.
Registered Notes	Notes issued in registered form.
Regulation S	Regulation S under the Securities Act.
Regulation S Global Note	a Registered Global Note representing Notes initially sold outside the United States to non-U.S. persons in reliance on Regulation S.
Relevant Date	has the meaning specified in Condition 8.
Relevant Level	has the meaning specified in Condition 5.2(e).
Relevant Screen Page	such page, section, caption or column or other part of a particular information service as may be specified in the applicable Final Terms.
Rule 144	Rule 144 under the Securities Act.
Rule 144A	Rule 144A under the Securities Act.

Rule 144A Global Note	a Registered Global Note representing Notes initially sold to U.S. persons and in the United States to persons that are QIBs.
Screen Rate Determination	the method for determining the interest rate of Floating Rate Notes as specified in Condition 5.2(b)(ii).
Securities Act	the United States Securities Act of 1933, as amended.
Selection Date	has the meaning specified in Condition 7.3.
Specified Currency	the currency of the Notes specified as such in the applicable Final Terms.
Specified Denomination	the denomination of the Notes specified as such in the applicable Final Terms.
Specified Interest Payment Date	the interest payment date specified as such in the applicable Final Terms.
Specified Interest Period(s)	with respect to Fixed Rate Notes has the meaning specified in Condition 5.1(ii) and with respect to Floating Rate Notes has the meaning specified in Condition 5.2(a)(ii).
Specified Payment Date	is the date specified in the applicable Final Terms as such.
Specified Time	has the meaning specified in Condition 5.2(b).
Substitute Index Level	has the meaning specified in Condition 5.2(e).
sub-unit	with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.
Successor Index	has the meaning specified in Condition 5.2(e).
TARGET2 System	the Trans-European Automated Real-Time Gross Settlement Express Transfer system, launched on 19 November 2007, which utilizes a single shared platform.
Target Redemption Amount	the amount specified as such in the applicable Final Terms.
Temporary Bearer Global Note	a temporary bearer global Note.
Transfer Certificate	has the meaning specified in Condition 2.5.
Treaty	the Treaty establishing the European Community, as amended.
U.S.	the United States.
Zero Coupon Notes	Notes during the term of which no interest shall become due and payable. The applicable Final Terms will specify whether the Tranche constitutes Zero Coupon Notes or not.

1. FORM, DENOMINATION AND TITLE

The Notes may be issued in the form of Bearer Notes or in the form of Registered Notes as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the Specified Form(s) save that in the case of any Notes the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes). Bearer Notes may not be exchanged for Registered Notes and *vice versa*. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

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

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

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

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The following information in this paragraph summarizes the most relevant provisions of the Agency Agreement with regard to this matter. The Registered Notes to be transferred must be delivered for registration to the specified office of the Registrar with the form of transfer endorsed on them duly completed and executed and must be accompanied by such documents, evidence and information (including, but not limited to, a transfer certificate as provided in the Agency Agreement) as may be required pursuant to these Terms and Conditions and such other evidence as the Issuer may reasonably require to prove the title of the transferor or his right to transfer the Registered Notes.

Except as required by law, the Issuer, the Principal Paying Agent and any other Paying Agent will treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions '**Noteholder**' and '**holder of Notes**' and related expressions shall be construed accordingly).

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

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

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

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear, and/or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Individual Note Certificates or for a beneficial interest in another Registered Global Note only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear, and/or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. The following information in this paragraph summarizes the most relevant provisions of the Agency Agreement with regard to this matter. For transfers of interests in a Registered Global Note for Individual Note Certificates, the Registered Notes to be transferred must be delivered for registration to the specified office of the Registrar with the form of transfer endorsed on them duly completed and executed and must be accompanied by such documents, evidence and information (including, but not limited to, a transfer certificate) as may be required pursuant to these Terms and Conditions and such other evidence as the Issuer may reasonably require to prove the title of the transferor or his right to transfer the Registered Notes. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Individual Note Certificates

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

2.3 Registration of transfer upon partial redemption

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

2.4 Costs of registration

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

2.5 Transfers of interests in Regulation S Global Notes

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

(a) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a '**Transfer Certificate**'), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

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

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

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

2.6 Transfers of interests in Legended Notes

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

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

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

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

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

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

3. STATUS OF THE NOTES AND NEGATIVE PLEDGE

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

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

(b) security arising by operation of law;

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

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

(e) repurchase agreements.

4. REDENOMINATION

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

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

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

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

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

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the '**Exchange Notice**') that replacement Euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify in consultation with the Issuer where practicable and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

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

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction as specified in the applicable Final Terms, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention; and

(g) if the Notes are Floating Rate Notes, the Issuer may adjust the reference rate of the Notes to any of LIBOR or EURIBOR and, if required, any or all Interest Payment Dates as it deems necessary in accordance with the then pertaining market practice taking into account the redenomination and in order to preserve the economic equivalent of the obligations of the Issuer in respect of interest under such Notes.

5. INTEREST

5.1 Interest on Fixed Rate Notes

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

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

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

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

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

As used in these Terms and Conditions, Fixed Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

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

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

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

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

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

i. in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the '**Accrual Period**') is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Interest Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

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

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

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

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

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

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

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

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

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

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

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

If '**Unadjusted**' is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated, for the purposes of determining the Interest Amount(s) only, as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

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

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

(a) Interest Payment Dates

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

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

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

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

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

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

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

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

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

If '**Unadjusted**' is specified in the applicable Final Terms the number of days in each Interest Period shall be calculated, for the purposes of determining the Interest Amount(s) only, as if the Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

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

(b) Rate of Interest for Floating Rate Notes

The '**Floating Rate of Interest**' payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable Final Terms on the following basis:

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Floating Rate of Interest is to be determined, the Floating Rate of Interest for each Interest Period will be either the EURIBOR Rate or the LIBOR Rate (as specified in the applicable Final Terms) plus or minus (as specified in the applicable Final Terms) the Margin (if any). '**EURIBOR Rate**' means, with respect to any Interest Determination Date relating to a Floating Rate Note, the rate for Euro swaps

with a Designated Maturity for a specified number of years (as specified in the applicable Final Terms) which appears on Reuters relevant ISDAFIX1 Page as of 11:00 a.m., Brussels time, on the related Interest Determination Date. '**LIBOR Rate**' means, with respect to any Interest Determination Date relating to a Floating Rate Note, the rate for Designated Reference swaps with a Designated Maturity for a specified number of years (as specified in the applicable Final Terms) which appears on Reuters relevant ISDAFIX1 Page as of 11:00 a.m., London time, on the related Interest Determination Date.

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

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

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

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

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

(ii) Screen Rate Determination for Floating Rate Notes

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

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

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

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. The following summarizes the most relevant provisions of the Agency Agreement with regard to this matter. In such an event, the Principal Paying Agent shall request that each of the Reference Banks (as defined below) provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

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

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

Unless otherwise specified in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(c) Rate of Interest for FX Linked Interest Notes

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

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

where:

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

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

Interest Determination Date of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent);

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

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

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

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

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

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

(d) Rate of Interest for CMS Linked Notes

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

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

where:

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

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

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

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

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

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

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

(2) If the information set out under (1) is no longer displayed by 11:00 a.m. Brussels time on the Interest Determination Date, then the CMS Rate1 or CMS Rate2, as applicable, will be a percentage determined on the basis of the mid-market, annual swap rate quotations provided by five leading swap dealers in the Eurozone interbank market at approximately 11:00 a.m., Brussels time on the Interest Determination Date. For this

purpose, the annual swap rate means the mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating CMS swap with a term equal to the maturity of the Designated Maturity1 with respect to the CMSRate1 or Designated Maturity2 with respect to CMSRate2 designated in the applicable Final Terms on that Interest Determination Date with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to the rate for deposits in Euro with a maturity of three months which appears on the EURIBOR001 page. The Calculation Agent will select the five swap dealers after consultation with the Issuer and will request the principal Eurozone office of each of those dealers to provide a quotation of its rate. If at least three quotations are provided, the CMS Rate1 or CMS Rate2 for that Interest Determination Date will be the arithmetic mean of the quotations, eliminating the highest and lowest quotations or, in the event of equality, one of the highest and one of the lowest quotations.

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

'**Margin2**' has the meaning specified in the applicable Final Terms.

(e) Rate of Interest for Inflation Linked Notes

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

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

where:

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

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

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

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

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

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

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

Date, the Calculation Agent shall determine the level of such Inflation Index for such Reference Month (a '**Substitute Index Level**') in place of such Relevant Level by using the following methodology:

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

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

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

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

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

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

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

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

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

If, in respect of an Interest Determination Date and a Relevant Level in respect of such Interest Determination Date, the Calculation Agent determines that the relevant Index Sponsor has corrected such Relevant Level to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

case of FX Linked Interest Notes, Inflation Linked Notes and CMS Linked Notes the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

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

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

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

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

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

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

(ii) if '**Actual/365 (Fixed)**' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

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

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

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

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

where:

'$\mathbf{Y_1}$' is the year, expressed as a number, in which the first day of the Interest Period falls;

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

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

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

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

'$\mathbf{D_2}$' is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

'$\mathbf{Y_1}$' is the year, expressed as a number, in which the first day of the Interest Period falls;

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

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

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

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

'$\mathbf{D_2}$' is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

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

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

where:

'$\mathbf{Y_1}$' is the year, expressed as a number, in which the first day of the Interest Period falls;

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

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

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

'$\mathbf{D_1}$' is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

'$\mathbf{D_2}$' is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(h) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified to be applicable in the relevant Final Terms) or either, whichever is applicable, the EURIBOR Rate or the LIBOR Rate (where ISDA Determination is specified to be applicable in the relevant Final Terms), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

'**Applicable Maturity**' means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(i) Notification of Rate of Interest and Interest Amounts

The applicable Principal Paying Agent for each Series will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fifth Business Day prior to the Interest Payment Date immediately preceding the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with Condition 14.

(j) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Principal Paying Agent for each Series or, if applicable, the Calculation Agent shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the applicable Principal Paying Agent, the Calculation Agent, if applicable, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the applicable Principal Paying Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Interest on Dual Currency Notes

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

currencies and the Rate of Exchange used to calculate payments of interest or principal will be specified in the applicable Final Terms.

5.4 Interest on Partly Paid Notes

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

5.5 Accrual of Interest

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

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

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

6. PAYMENTS

6.1 Method of Payment

Subject as provided below:

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

(b) payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

6.2 Payments subject to fiscal and other laws

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, and no additional amounts will be paid with respect to any taxes except as specifically provided under the provisions of Condition 8.

6.3 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against surrender of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used in this section, includes the States and the District of Columbia and its possessions)).

Payments of installments of principal (if any) in respect of Definitive Bearer Notes, other than the final installment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender of the relevant Receipt. Payment of the final installment will be made in the manner provided in Condition 6.1 above against surrender of the relevant Bearer Note. Each Receipt must be presented for payment of the relevant

installment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes represented by a Definitive Bearer Note (other than Dual Currency Notes, FX Linked Notes and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons) at the specified office of any Paying Agent outside U.S., failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five years after the date on which such principal first became due (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note represented by a Definitive Bearer Note becoming due and repayable prior to its Maturity Date, all unmatured Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note, FX Linked Note, Inflation Linked Note, CMS Linked Note, Dual Currency Note or Long Maturity Note represented by a Definitive Bearer Note becomes due and repayable, unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Bearer Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A '**Long Maturity Note**' is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose principal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the principal amount of such Note.

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

6.4 Payments in respect of Bearer Global Notes

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

6.5 Payments in respect of Registered Notes

Payments of principal (other than installments of principal prior to the final installment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the '**Register**') (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg and/or DTC, as applicable, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third

business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S. $250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a check in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, '**Designated Account**' means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and Designated Bank means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) and (in the case of a payment in Euro) any bank which processes payments in Euro.

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

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

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

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

6.6 General provisions applicable to payments

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

Notwithstanding the foregoing provisions of Conditions 6.3 and 6.4 above, U.S. Dollar payments of principal and interest in respect of Bearer Notes may be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and

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

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

6.7 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes '**Payment Day**' means any day which is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

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

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

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

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

6.8 Interpretation of Principal and Interest

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

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

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

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

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

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

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

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

6.9 Alternative Currency

If the Issuer is due to make any payment in a currency in respect of any Notes and such currency (the '**Original Currency**') is not available on the foreign exchange markets due to the imposition of exchange controls or due to the Original Currency's replacement or disuse or other circumstances beyond the Issuer's control, the Issuer will be entitled to satisfy its obligation in respect of that payment by making that payment in another currency (the '**Alternative Currency**') if so specified in the applicable Final Terms. The applicable exchange rate will be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner. Any payment made by the Issuer under such circumstances in the Alternative Currency shall constitute valid payment and shall not constitute an Event of Default (as defined in Condition 10).

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

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

7.2 Redemption for Tax Reasons

Unless this Condition is stated in the applicable Final Terms not to apply, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, FX Linked Interest Notes, Inflation Linked Notes or CMS Linked Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) if, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8(b) as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

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

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

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

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

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

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

Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, both as specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ('**Redeemed Notes**') will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the '**Selection Date**'). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 5 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

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

If 'Investor Put Option' is specified in the applicable Final Terms the holder of any Note has an option to redeem upon giving the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice and, if the Note that is the subject of a Put Notice is held in global form through Euroclear or Clearstream, Luxembourg, not less than 15 business days' notice, as specified in the applicable Final Terms (which notice shall be irrevocable). The Issuer will, upon the expiry of such notice, redeem, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7.4 in any multiple of their lowest Specified Denomination.

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

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

7.5 Early Redemption Amounts

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

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

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

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

where:

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

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

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

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

7.6 Installments

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

7.7 Partly Paid Notes

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

7.8 Redemption of FX Linked Redemption Notes

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

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

where:

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

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

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

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

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

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

7.9 Automatic Early Redemption

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.10 Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

7.11 Cancellation

All Notes which are redeemed will subject to Condition 7.10 above forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6.9 above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be re-issued or resold.

7.12 Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

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

8. TAXATION

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

(a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Receipts, Talons or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts, Talons or Coupons; or

(b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts, Talons or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts, Talons or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt, Talon or Coupon:

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

   ii. to a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority or who could avoid such withholding or deduction by providing information or a certification concerning nationality, residence, or identity or satisfying any other information or reporting requirement imposed by the relevant tax authority; or

iii. presented for payment, where presentation is required, more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or

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

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

In addition, additional amounts will not be paid with respect to any payment of the principal of, or any premium or interest on, the Notes, Receipts, Coupons or Talons to any Noteholder, Receiptholder or Couponholder that is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of such payment to the extent such payment would be required under Dutch tax laws to be included in the income of a beneficiary or settlor with respect to such fiduciary, a member of such partnership, an interest holder in such limited liability company or a beneficial owner that would not have been entitled to such additional amounts had such beneficiary, settlor, member, interest holder or beneficial owner been the Noteholder, Receiptholder or Couponholder of the relevant Notes, Receipts, Coupons or Talons.

As used herein, the '**Relevant Date**' means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

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

9. PRESCRIPTION

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

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 6.3.

10. EVENTS OF DEFAULT

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

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

(b) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or

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

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

then any Noteholder may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare the Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7.5), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the applicable Principal Paying Agent at its office outside the United States (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

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

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

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

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

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

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

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6.6. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30, nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent at its office outside the United States in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment

of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date (on which the final Coupon comprised in the relative Coupon sheet matures).

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published (i) by way of press release, (ii) on the website of the Issuer, (iii) if so specified in the applicable Final Terms, in a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times), and (iv) if and for so long as the Bearer Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange and such publication is required pursuant to the rules and regulations of the Luxembourg Stock Exchange, in a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication.

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

Until such time as any definitive Notes are issued, so long as any Global Note(s) representing the Notes is or are held in its or their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable, any publication method as referred to in the two paragraphs above may be substituted for the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable, for communication by them to the holders of the Notes, to the extent such publication method also complies with the rules of any stock exchange or other relevant authority on which such Notes are for the time being listed or by which they have been admitted to trading. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable.

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

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

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in principal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the

principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or canceling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

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

(b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the Netherlands.

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

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes, provided that (i) in the case of Notes which were issued in accordance with the TEFRA D Rules that are initially represented by a Temporary Bearer Global Note exchangeable for interests in a Permanent Bearer Global Note or Definitive Bearer Notes, such consolidation can only occur following the exchange of interests in the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note or Definitive Bearer Notes upon certification of non-U.S. beneficial ownership and (ii) in the case of Registered Notes, if such further notes are not fungible with the previously issued Registered Notes for U.S. federal income tax purposes, the further notes will have a separate common code, ISIN, CUSIP and CINS (where applicable) from such numbers assigned to the previously issued Registered Notes.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

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

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the court (*Rechtbank*) and its appellate courts at The Hague, the Netherlands. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons) may be brought in any other court of competent jurisdiction.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes (which include profit making). The net proceeds from the issue of certain Notes, which will be designated as socially responsible investment ('**SRI**') bonds, will only be used to finance debt investments with a socially responsible purpose, as specified in the applicable Final Terms.

NEDERLANDSE WATERSCHAPSBANK N.V.

Overview

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

As of 31 December 2016, NWB had total assets of €94,414 million (€91,314 million as of 31 December 2015) and total equity of €1,507 million (€1,399 million as of 31 December 2015). In 2016, NWB Bank had net profit of €107 million (€95 million in 2015).

History and Corporate Organization

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

NWB Bank was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on 5 May 1954. Its legal name is Nederlandse Waterschapsbank N.V. and its trade name is NWB Bank. The duration of NWB Bank is unlimited. It is registered in the trade register of the Chamber of Commerce (*Kamer van Koophandel*) for Den Haag under No. 27049562. NWB Bank's ownership is restricted to the State of the Netherlands and other public entities. 81% of NWB Bank's shares are held by 21 water boards (*waterschappen*), the Dutch State's shareholding is 17% and 9 Dutch provinces hold the remaining 2%. NWB Bank is established in The Hague and has no branches. NWB Bank's business operations are entirely conducted by the Issuer and NWB Bank does not have any subsidiaries.

NWB Bank's registered office is at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. Its telephone number is +31 70 4166266. NWB Bank is authorized by DNB to pursue the business of a credit institution (*kredietinstelling*) in the Netherlands and is consequently supervised by DNB. As NWB Bank is considered a 'significant credit institution' under the SSM, it became subject to direct supervision from the ECB as of November 2014. In addition, for purposes of market conduct supervision, NWB Bank is supervised by the AFM. See 'Supervision and Regulation' below.

Purpose

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

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

entities as referred to under (i) to (iv). NWB Bank is empowered to perform all acts which may be conducive to its object.

Strategy

Since its incorporation in 1954, NWB Bank has focused on its role as a robust and efficient caterer to the finance needs of customers in the Dutch public sector. NWB Bank has rigorously maintained its strategic concept of being one of the major financial service providers in the public arena, and aims to provide its public sector clients with lower finance charges and maximum access to funding and offer interest rate benefits on their loans. Rather than seeking to maximize its profits, NWB Bank's policy is geared to achieving reasonable profits that are adequate to safeguard NWB Bank's continuity and that enable NWB Bank's future growth.

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

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

With its specialized services, NWB Bank continues to benefit from focusing its operations primarily within the public sector. Loans to many (semi) public sector entities have been categorized as having a zero per cent risk weighting for capital requirement purposes meaning that such loans do not affect NWB Bank's capital requirements and are considered 'solvency-free' to NWB Bank, which is reflected in NWB Bank's limited credit risk as expressed by its robust Tier-1 ratio. NWB Bank has large lending market shares in certain segments of the Dutch public sector, in particular in lending to social housing associations and water boards, where it will seek to maintain its substantial market share. In 2013, in response to an increasing need seen among its borrowers, NWB Bank decided to expand its services to include the financing of projects using a PPP model. Engaging in PPP financing enables NWB Bank to direct the social responsibility and sustainability of certain projects such as renewable energy and land- and water-based infrastructure projects. In 2015, NWB Bank entered into the first PPP financing transactions. In addition to providing financing to its regular clients, NWB Bank reinforced its position in the PPP market in 2016. Having taken over existing loans and having been involved in refinancing projects in 2015, NWB Bank primarily financed

new PPP transactions in 2016. By the end of 2016, NWB Bank had concluded €370 million in PPP transactions. Furthermore, similar to 2015, NWB Bank's customers, mainly water boards, wanted to optimize their loan portfolios against the background of exceptionally low interest rates. As a result, existing loans were repaid early and replaced by longer-term loans at a lower interest rate. Loans offered in the secondary market were also purchased in 2016 and export credit guarantee loans were issued and backed by the State of the Netherlands. NWB Bank also aims to conduct its business operations and develop new financial products in a sustainable manner, reflecting enhanced levels of corporate social responsibility and good corporate governance. In June 2014, NWB Bank issued its first 'green bond', the "Waterobligatie". Besides traditional investment considerations as investment safety and risk/return balance, 69% of the bonds were purchased by investors based on their interest in supporting climate-friendly projects as part of their investment mandate. In 2015 and 2016, NWB Bank issued its second and third water bonds, respectively. The 2015 issuance was a successful €1 billion green bond. The 2016 issuance was initially a $1 billion green bond which was later increased by a $250 million issuance.

Competition

NWB Bank's main competitors are N.V. Bank Nederlandse Gemeenten ('BNG'), another Dutch public sector lender that is nearly twice NWB Bank's size, and, to a far lesser extent, commercial banks. Other competitors include insurance companies and pension funds, which have become more active in the market since 2014.[12] Due to the small margins generally earned on public sector lending and in part due to continuing weak economic conditions in Europe, most commercial banks have withdrawn from this market, as their relative funding costs exceed borrowing rates otherwise available to the public sector. However, a number of institutional investors attracted by the low risk profile of the Dutch public sector have become more active in the market. In December 2014, NWB Bank entered into a special partnership with the European Investment Bank ('EIB') for purposes of joining forces in relation to long-term funding in the public domain. At the end of 2015, NWB Bank and the EIB concluded a global loan totaling €400 million. The EIB's loan also enables NWB Bank to offer smaller projects and clients the opportunity to benefit from inexpensive EIB financing, for which they would otherwise be ineligible. At the end of 2016, the EIB and NWB Bank signed another loan agreement that amounted to €250 million. The EIB will make this amount available to NWB Bank, which in turn will invest €500 million in enhancing the sustainability of social housing and in achieving the objectives of the water boards (concerning the circular economy). The loan represents a continuation of the collaboration between NWB Bank and the EIBentered into at the end of 2015, through which €800 million in social housing, environmental, knowledge economy and water sector projects have meanwhile been financed. The collaboration was initiated not only for the purpose of exchanging knowledge and experience but also providing the Dutch public sector with more attractive financing.

As at 31 December 2016, NWB Bank had a market share of approximately 16% of the Dutch municipal sector as measured by aggregate loans and advances made. As at 31 December 2016, NWB Bank also benefited from high market shares in lending to Dutch housing associations (approximately 37%), Dutch water boards (approximately 87%) and Dutch healthcare entities (approximately 26%) as measured by aggregate loans and advances made.[13] NWB Bank expanded its market share in the Dutch water boards sector (2015: approximately 37%) and reduced its market share in the Dutch housing sector (2015: approximately 37%), while market shares for municipal authorities and healthcare entities remained at the high level of previous years. NWB Bank competes on the basis of favorable pricing and swift response to its clients' needs.

Products and Services

Loans and Advances

NWB Bank's primary business is providing loans and advances to Dutch public sector institutions. NWB Bank's borrowers are mainly public authorities and institutions to which funds are lent under the guarantee of public authorities. In addition, NWB Bank holds an interest-bearing securities portfolio comprising RMBS notes that are

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

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

guaranteed under the National Mortgage Guarantee scheme and bonds issued or guaranteed by public sector institutions. A relatively small proportion of loans is provided to Dutch utility companies. Credit exposure on loans and advances to public authorities is extremely low as the majority of the loans and the securities portfolio consist of receivables from or guaranteed by public authorities with a zero per cent. risk weighting from DNB making it 'solvency-free'. NWB Bank has never suffered a loan loss. NWB Bank also lends in limited amounts to governments in other Western European countries applying the same quality standards as for domestic lending. NWB Bank's Articles of Association prohibit all lending to privately owned entities, except that, since the amendments to the Articles of Association on 29 April 2013, NWB Bank is permitted to extend long-term financing in a PPP model. Loans to be extended under this PPP model carry a higher weighted credit risk. The first export credit guaranteed loans and (secondary) PPP transactions were extended in 2015. Any PPP portfolio would be restricted to a volume that will only have a limited effect on NWB Bank's exposure to risk-weighted assets.

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

The recovering economic conditions in Europe and the Netherlands following the global economic and financial crisis have resulted in GDP growth, lower unemployment rates and more stable property markets, which has moderately raised investment and consumer spending. In 2016, NWB Bank's long-term lending volumes to the public sector decreased from €7.4 billion in 2015 to €7.1 billion in 2016. Despite the difficult economic conditions of the past several years, NWB Bank maintained its position as a leading lender to the Dutch public sector with new long-term lending[14] to customers of €4,742 million (excluding interest rate revisions), €5,210 million and €3,574 million in 2016, 2015 and 2014, respectively. See also 'Operating and Financial Review – Selected Balance Sheet Items at 31 December 2016, 31 December 2015 and 31 December 2014 – General'.

The table below sets forth NWB Bank's new long-term lending[14] (and the amount thereof subject to capital adequacy requirements) in 2016, 2015 and 2014.[15]

	Outstanding as of December 31, 2016	**New long-term Lending**			**Of which subject to capital adequacy requirements**			
		2016	**2015**	**2014**	**Total**	**2016**	**2015**	**2014**
				(in millions of €)				
Water boards	5,953	1,280	1,882	741	-	-	-	–
Municipal authorities	6,268	809	913	592	-	-	-	–
Social housing corporations	31,005	1,847	1,814	1,748	-	-	-	–
Healthcare institutions	3,277	119	183	331	-	-	-	–
Joint schemes	219	93	20	11	-	-	-	–
Government-controlled limited liability companies	350	127	64	28	150	70	64	16
Other	1,188	467	334	123	444	364	80	–
Total	48,260	4.742	5,210	3,574	594	434	144	16
Growth in new long-term lending of which solvency-free	-	4,307	5,066	3,558	-	-	-	–

In 2016, NWB Bank carried out €500 million RMBS notes transactions that are guaranteed under the National Mortgage Guarantee, as there were transactions fully guaranteed under the National Mortgage Guarantee. In 2016,

[14] The term 'new long-term lending' includes the aggregate nominal amount of new loans to clients for the stated period.
[15] Derived from NWB Bank's internal management information.

besides granting new loans to customers, NWB Bank invested €252 million in covered bonds with a risk weight of 10%.

Other Services

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

Customers

Social Housing

NWB Bank provides long-term loans to social housing associations all of which are guaranteed by WSW, a social housing fund whose purpose is to enable housing associations that qualify as registered institutions (*toegelaten instellingen*) to borrow funds at reduced costs in order to facilitate their role in the social housing market. WSW can guarantee (*zich borg stellen*) payment obligations of registered institutions that fulfill certain conditions set by WSW and are registered participants of WSW. The State of the Netherlands and a number of Dutch municipalities have committed to provide WSW with interest free loans in case WSW's liquidity forecast shows that, taking into account reasonably expected claims against WSW in its capacity as guarantor and any other reasonably expected claims against WSW, the net assets of WSW would be less than 0.25% of the total amount guaranteed by WSW.[16] Standard & Poor's and Moody's have assigned WSW a rating of AAA (Stable outlook) and Aaa (Stable outlook), respectively.

According to Aedes, a Dutch national association promoting the interests of social housing organizations, as of 20 April 2016, housing associations owned approximately 2.4 million dwellings, which was approximately 32% of the total stock of houses in the Netherlands. The housing associations meet their funding needs through borrowing from banks, such as NWB Bank, and generate income through the collection of rents and through the sales of housing and condominium projects, which includes both rental properties and privately owned homes. The Central Fund for Public Housing ('**CFV**') is responsible for the financial supervision of this sector. WSW guaranteed loans are zero per cent. risk weighted by DNB.

Water Boards

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

Municipal and provincial authorities

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

Healthcare institutions

NWB Bank provides financing solutions to public and semi-public healthcare institutions such as hospitals. NWB Bank only provides financing to the healthcare sector if repayment is guaranteed by WfZ or otherwise assured by a

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

local public authority. WfZ can guarantee (*zich borg stellen*) payment obligations of certain entities which exploit accredited (*toegelaten*) health care institutions, fulfill the conditions set by WfZ and are registered participants of WfZ. Subject to certain other conditions, the State of the Netherlands has committed to provide WfZ with loans if WfZ's assets less liabilities (as calculated pursuant to WfZ's agreement with the State of the Netherlands) fall below certain pre-determined levels.[17] Standard & Poor's has assigned WfZ a rating of AAA (Stable outlook).

Other public utilities

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

Ratings

NWB Bank's long-term debt securities are rated AAA (Stable outlook) by Standard & Poor's and Aaa (Stable outlook) by Moody's.

On 2 December 2013, Standard & Poor's lowered the long-term rating on NWB Bank from 'AAA' to 'AA+'. The downgrade of NWB Bank followed a similar action on the Netherlands on 29 November 2013. On 24 November 2015, Standard & Poor's raised the long-term rating on NWB Bank from AA+ to AAA, with a 'stable' outlook. On 9 December 2016, Standard & Poor's affirmed the AAA long-term rating of NWB Bank and its 'stable' outlook. In accordance with Standard & Poor's criteria for rating government-related entities, they believe that there is an 'almost certain' likelihood that NWB Bank as a government-related entity would receive timely and sufficient extraordinary support from the Dutch government in the event of financial distress. As a result, Standard & Poor's equalized the long-term ratings with that of the Netherlands. Standard & Poor's opinion of an 'almost certain' likelihood of government support for NWB Bank reflects their view that NWB Bank plays a 'critical' role for the Dutch government through its key public policy mandate and has an 'integral' link with the Dutch government as Standard & Poor's considers NWB Bank as an extension of the government. On 29 May 2014, while affirming the Aaa long-term rating of NWB Bank, Moody's changed the outlook on NWB Bank's long-term rating from 'stable' to 'negative.' This outlook change followed Moody's initial assessment of the adoption of the BRRD and the SRM regulation in the EU. On 17 March 2015, Moody's changed the outlook on NWB Bank's long-term rating from 'negative' to 'stable,' following Moody's final assessment of the BRRD and the SRM regulation and the application of its new methodology for banks. On 5 January 2016 and again on 13 January 2017, Moody's affirmed the AAA long-term rating of NWB and its 'stable' outlook.

As evidenced by the rating action taken by Standard & Poor's, any rating action taken by Standard & Poor's or Moody's with respect to the State of the Netherlands can be expected to impact NWB Bank's ratings.

According to Standard & Poor's, an obligation rated 'AAA' by Standard & Poor's has the highest rating. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Moody's long-term ratings are assigned to obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. According to Moody's, obligations rated 'Aaa' are judged to be of the highest quality and subject to the lowest level of credit risk.

Tranches or Series of Notes issued under the Program may be rated or unrated. Where a Tranche or Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Program. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. As of the date of this Base Prospectus, each of Standard & Poor's and Moody's is established in the European Union and is registered under the CRA Regulation. The rating of a certain Series or Tranche of Notes to be issued under the Program, if applicable, will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to such Series or Tranche of Notes will be issued by a credit

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

rating agency established in the European Union and registered under the CRA Regulation will be disclosed clearly and prominently in the Final Terms. See 'Risk Factors – Factors that may affect NWB Bank's ability to fulfill its obligations under the Notes – Ratings downgrades and other ratings actions could have an adverse impact on NWB Bank's operations and financial condition' and 'Risk Factors – Risks Related to the market for the Notes – Credit rating risks'.

Employees

NWB Bank had 57 employees (53 employees on a full-time equivalent basis) (including the three members of the Managing Board) as at 31 December 2016, all of which were employed in the Netherlands. Substantially all of NWB Bank's employees are subject to collective labor agreements covering the banking industries. NWB Bank believes that its employee relations are good.

Risk Management

Risk management framework

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

NWB Bank's most important financial risks are interest rate, liquidity and credit risks. NWB Bank employs a very prudent approach to managing these risks. NWB Bank believes that its internal risk controls and risk management systems are adequate and effective. The Dutch Banking Code (2010) (*Banken Code*), a self-regulation which was drawn up by the Dutch Association of Banks and originates from recommendations in response to the global economic and financial crisis of the Dutch Advisory Committee on the Future of Banks, and the amendments to the Dutch Corporate Governance Code offer guidance for improving risk management processes. In accordance with the Dutch Banking Code (2010)'s recommendations, which took effect on 1 January 2010, NWB Bank, amongst others, defined its risk appetite more specifically, set up a program for continuing education for the members of the Managing Board and Supervisory Board and further formalized the product approval process. In conformity with the Dutch Banking Code (2010), NWB Bank has a risk appetite in place, which documents the degree and areas in which NWB Bank is prepared to accept risk in reaching its strategic objectives. NWB Bank's risk appetite is approved by the Supervisory Board. In 2013, NWB Bank's risk appetite increased slightly because the option of financing PPP projects was added. In 2014, NWB Bank hired expert staff in this area and developed a risk assessment framework. The product approval process, which is followed whenever new products are launched, new markets are entered into or new services are offered, involves a review of transparency and risk management. Where the launch of a new product or service or the entry of a new market has a substantial impact on NWB Bank's risk profile or strategy, approval from the Supervisory Board is required. The Dutch Banking Association (*Nederlandse Vereniging van Banken*, '**NVB**') has revised the Dutch Banking Code (2010). The new Dutch Banking Code (2014) entered into force on 1 January 2015 and is designed to make a contribution to public trust in banks and their role in the community. The principles in the updated Banking Code emphasize the importance of sound and ethical operation by banks and set this out in certain principles for (i) the executive board, (ii) the supervisory board, (iii) risk management, (iv) audit and (v) remuneration. In order to adhere to this revised code, NWB Bank revised its regulations for its Managing Board, Supervisory Board, Audit and Risk Committee and the Remuneration and Appointment Committee. Further, all NWB Bank employees took the banker's oath, on the basis of which employees will be subjected to the disciplinary rules and the updated Code of Conduct. Similarly, all members of

the Managing Board and Supervisory Board took the banker's oath that included a declaration regarding disciplinary rules.

Management of main risks

Interest rate risk is monitored on a daily basis using basis point value ('**DV01**') limits, an earnings-at-risk model and a gap analysis, and, on a periodic basis, using scenario analysis. Outcomes from positions adopted are analyzed using a profit forecast, interest margin analysis and performance analysis. The DV01 analysis is used as a measure of total-term interest rate risk. DV01 is an absolute measure derived from duration, indicating the change in price or fair value, expressed in monetary units, of the instrument caused by a one basis point (0.01%) change in the yield curve. A system of DV01 limits applies to the overall interest rate risk position and NWB Bank's related strategy, which is based on NWB Bank's level of return agreed with the shareholders. The strategic position is independent of any vision on interest rate developments. The interest rate sensitivity of the portfolio to which macro hedging is applied is monitored on the basis of DV01s for various time intervals. To manage spread risk related to the refinancing of NWB Bank, a spread DV01 measure and concomitant limit apply indicating a maturity mismatch between funding and lending. The spread DV01 is quantified on the basis of the interest rate sensitivity of all long-term lending and funding. At year-end 2016, NWB Bank's entire portfolio was within the DV01 limit set.

NWB Bank assesses its short-term interest rate risk by use of the earnings-at-risk measure. This is a simulation measure, comparing the expected net interest income or loss for the next twelve months under various interest rate scenarios with the outcome calculated using a base case scenario. At year-end 2016, the outcomes for these scenarios were within the limits set. NWB Bank's policy is to manage the interest rate risk bank-wide by using interest rate swaps and other derivative instruments for both the asset and the liability side of the balance sheet. Under the agreements governing these derivative instruments, NWB Bank agrees to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional amount.

NWB Bank's liquidity position is monitored daily. The aim of liquidity management is to ensure that there are sufficient funds available for NWB Bank to meet not only foreseen, but also unforeseen financial commitments. NWB Bank's management is informed daily by means of a liquidity gap analysis, containing differences between the cash flows receivable and payable. NWB Bank's liquidity position is subject to a system of limits. The framework for liquidity risks was modified in certain respects in 2013, prompted in part by the Basel III liquidity ratios, the LCR and the NSFR, which are prescribed under CRD IV and the CRR. This framework may further be amended as a result of the EU Banking Reforms. At year-end 2016, NWB Bank satisfied the minimum requirements of each of the LCR and the NSFR that took effect on 1 January 2014. DNB requires Dutch banks to maintain a minimum LCR of 100% as at the effective date of 1 October 2015. The EU Banking Reforms provide for a minimum NSFR requirement, but it is currently not clear yet from what date this requirement will be applicable.

NWB Bank has a 'recovery plan' describing its crisis management organization and the recovery measures available to it in a financial crisis. NWB Bank's recovery plan is approved by ECB and will be updated annually, in line with the BRRD and SRM Regulation.

With regard to credit risk, NWB Bank focuses on maintaining an extremely high-quality loans portfolio. NWB Bank principally lends to governments and government-backed institutions. It also provides loans to water supply companies without government guarantees. NWB Bank also lends in limited amounts to governments in other Western European countries, particularly with a view to increasing the liquidity portfolio, applying the same quality standards as for domestic lending. NWB Bank applies no credit limits for Dutch public authorities. Other loans are included in the credit assessment system of NWB Bank. If a credit limit is set for a counterparty it is adjusted at least annually in line with the latest developments. NWB Bank has never suffered a loan loss. To manage the interest rate and currency risks, NWB Bank uses derivatives. To limit the credit risks associated with these derivatives as much as possible, in principle, NWB Bank only enters into transactions with counterparties with an A rating at a minimum and limits are set to minimize the total exposure from derivatives.

Transactions NWB Bank enters into with financial counterparties, give rise to counterparty risks. These are confined by imposing limits and using a framework of standard requirements, as well as by concluding risk-mitigating netting and collateral agreements with financial counterparties. Portfolio management, monitoring and collateral

management have been stepped up over recent years with respect to individual derivatives portfolios for all counterparties, as well as for the total derivatives portfolio. For example, risk concentrations in the swap portfolio are assessed and adjusted in terms of both interest-rate sensitivities and fair value and the associated collateral balance for each counterparty. Since the end of 2013, the fair valuation of swaps has included a credit valuation adjustment, which represents the fair value of the counterparty risk in relation to derivatives or, in other words, the likelihood of the counterparty defaulting and the loss that is expected to occur as a result. With the entry into force of CRD IV on 1 January 2014, a 'CVA capital charge' was introduced, entailing the enhanced allocation of capital to possible CVA changes. In order to comply with EU Regulation 648/2012 on over-the-counter ('**OTC**') derivatives, central counterparties and trade repositories (commonly known as the European Market Infrastructure Regulation, or '**EMIR**'), NWB Bank is clearing new interest rate swaps since 2016 at the central counterparty (CCP) through clearing members.

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

For further information on NWB Bank's risk management policies please see note 33 'Risk management' to the Financial Information incorporated by reference herein.

Managing Board and Supervisory Board

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

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

Managing Board

Name	Born	Appointed	Position
M. Snel	1970	2016	Chairman
L.M.T. van Velden	1964	2010	Member
F.J. van der Vliet	1967	2012	Member

Supervisory Board

Name	Born	Appointed	Position
A.F.P. Bakker	1950	2012	Chairman
M.B.G.M. Oostendorp	1956	2012	Deputy Chairman
M.J. Schepers	1960	2016	Member
P.C.G. Glas	1956	2011	Member
P.C. van Hoeken	1961	2015	Member
G.J.M. van den Maagdenberg	1961	2017	Member

Set out below are brief biographies of the members of the Managing Board and the Supervisory Board. Members of the Managing Board are generally appointed for a four year period and can be reappointed for a further term of four years. Members of the Supervisory Board are generally appointed for a four year period and can be reappointed not more than once for a further term of four years, unless special circumstances justify a second reappointment.

Managing Board

Mr. M. Snel, Chairman

Appointed as Chairman of the Managing Board at the general meeting held on 26 April 2016 (and commenced as Chairman of the Managing Board as of 1 September 2016). Mr. Snel's appointment as Chairman of the Managing Board is for a four year period.

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

Appointed to the Managing Board on 23 April 2009 (and commenced as a Managing Board member as of 1 January 2010). Mrs. van Velden's appointment as a member of the Managing Board is for a four year period. At the general meeting held on 20 April 2016 Mrs. van Velden was reappointed for a third term commencing as of 1 January 2018. Mrs. van Velden is also a member of the audit committee of the Dutch Ministry of Education, Culture and Science.

Mr. F.J. van der Vliet, Member

Appointed to the Managing Board on 24 November 2011 (and commenced as a Managing Board member as of 1 January 2012). Mr. van der Vliet's appointment as a member of the Managing Board is for a four year period. Mr. van der Vliet has been reappointed in the 2015 Annual General Meeting of Shareholders as of January 2016.

Supervisory Board

Name:	*Professor A.F.P. (Age) Bakker* (66)[4)5)6)]
Position:	Chairman
Year of first appointment:	2012
Term of office ends in:	2020
Last position held:	Executive Director of the International Monetary Fund (IMF)
Relevant other positions:	Chairman of the Board of financial supervision (Cft) Curaçao and Sint Maarten Chairman of the Board of financial supervision (Cft) Bonaire, Sint Eustatius and Saba Chairman of the Board of financial supervision (Cft) Aruba Member of the Board of Pensioenfonds Zorg en Welzijn (the Dutch pension fund for the care and welfare sector) Chairman of the Investments Committee of Pensioenfonds Horeca & Catering (the Dutch pension fund for the hospitality and catering industry)

	Member of the SME Financing Committee of the Dutch Ministry of Economic Affairs Extraordinary State councillor, Council of State (*Staatsraad in buitengewone dienst, Raad van State*)
Name:	*M.B.G.M. (Maurice) Oostendorp* (60)[1) 5)]
Position:	Deputy Chairman
Year of first appointment:	2012 (EGM)
Term of office ends in:	2021
Principal position:	Chief Executive Officer of Volksbank N.V.
Relevant other positions:	Member of the Advisory Council of Women in Financial Services (WIFS)
Name:	*M.J. (Manfred) Schepers* (56)[4)5)]
Year of first appointment:	2016
Term of office ends in:	2020
Last position held:	Chief Financial Officer of European Bank for Reconstruction and Development up to April 2016
Relevant other positions:	Member of the Board of Governors (Chair of the Development Committee), UWC Atlantic College, Wales Trustee, Scolae Mundi, UWC Dilijan, Armenia Member of the Council, UWC Maastricht, the Netherlands Member Advisory Board, Amsterdam Institute of Finance, the Netherlands
Name:	*P.C.G. (Peter) Glas* (61) [3)]
Year of first appointment:	2011
Term of office ends in:	2019
Principal position:	Water Reeve of De Dommel Water Board
Relevant other positions:	Board member of the Noord-Brabant Association of Water Boards Chair of the OECD Water Governance Initiative
Name:	*P.C. (Petra) van Hoeken* (56)[2)4)]
Year of first appointment:	2015
Term of office ends in:	2019
Principal position:	Member of the Executive Board / Chief Risk Officer of Rabobank
Relevant other positions:	Utrecht-America Holdings, Inc, Member North America Board of Directors and Member North America Board Risk Committee Member Advisory Board Amsterdam Institute of Finance
Name:	*G.J.M. (Frida) van den Maagdenberg (55)*
Year of first appointment:	2017
Term of office ends in:	2021
Last positions held:	Member of the Supervisory Board and member of the Audit Committee of Victas Vice President of the Supervisory Board and chairman of the audit committee of Alzheimer-Nederland
Principal positions:	Board member of Academisch Medisch Centrum Amsterdam
Relevant other positions:	Member of the Supervisory Board of Ambulance Amsterdam

Member of the Supervisory Board of SURF BV
Chairman of EZDA (Stichting Elektronisch Zorg Dossier Amsterdam)
Board member of SIGRA (Stichting Samenwerkende Instellingen Gezondheidszorg Regio Amsterdam)
Board member of Nivel
Member of the Supervisory Board and chairman of the Audit Committee of Nederlandse Loterij (as of 1 April 2017)

[1)] Chairman of the Audit Committee
[2)] Chairman of the Risk Committee
[3)] Chairman of the Remuneration and Appointment Committee
[4)] Member of the Audit Committee
[5)] Member of the Risk Committee
[6)] Member of the Remuneration and Appointment Committee

Managing Board and other members of Senior Management

M. Snel, Chairman of the Managing Board
L.M.T. van Velden, Member of the Managing Board
F.J. van der Vliet, Member of the Managing Board
M.N. Bauman, Human Resources Management
P.L. Bax, Back Office
A.G. van Eijl, Risk Management
A.R.L. Hoogendoorn, Internal Audit
G.L. Knoester, Public Finance
M-J.L.A.F. Kroes, Finance & Control
T.A.J.O. Meuwissen, Treasury
H.N.W. van Rooijen, Legal Affairs
M.H.J. Vaessen, ICT

Conflicts of Interest

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

Potential conflicts of interest – Managing Board

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

It is possible that in the future Managing Board memberships and additional positions of members of the Managing Board can lead to conflicting interests in the performance of duties. Should that be the case, then the above described procedure will be followed.

Potential conflicts of interest – Supervisory Board

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

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

It is possible that in the future Supervisory Board memberships and additional positions of members of the Supervisory Board can lead to conflicting interests in the performance of duties. Should that be the case, then the above described procedure will be followed.

Supervision and Regulation

European Supervision and Regulation

The EU Financial Services Action Plan 1999–2005 established the foundations for a single financial market in the European Union and has resulted in many changes with respect to European supervision. In its Strategy on Financial Services for 2005–2010, the European Commission set out its objectives to achieve an integrated and competitive EU financial market. In that respect, the European Commission proposed to remove remaining barriers, especially in the retail area, to enable the provision of financial services and circulation of capital throughout the European Union in a cost efficient way, intended to result in higher levels of financial stability, consumer benefit and consumer protection. The financial services sector includes EU regulatory policies with respect to three major areas, namely banking, capital markets and asset management.

Capital Requirements Directive

In December 2010, the Basel Committee on Banking Supervision published its final standards on the revised capital adequacy framework known as '**Basel III**'. Basel III is being implemented in the EU through the Capital Requirements Directive (Directive 2013/36/EU, '**CRD IV Directive**') and the Capital Requirements Regulation (Regulation 575/2013, '**CRR**') and aims to create a sounder and safer financial system. The CRD IV Directive governs amongst other things the market access to banking activities while the CRR establishes the majority of prudential requirements institutions need to respect.

The CRR entered into force on 1 January 2014, and has direct effect in the Netherlands. The CRD IV Directive was implemented in Dutch law per 1 August 2014. A number of the requirements introduced under CRD IV will be further supplemented through the Regulatory and Implementing Technical Standards (RTSs/ITSs) produced by the European Banking Authority ('**EBA**'). The application in full of all measures under CRD IV (including any national implementation thereof in the Netherlands) will have to be completed before 1 January 2019. Since the introduction of the Basel III framework, the Basel Committee published several consultation documents for amendment of Basel III. These consultations include, among others, proposals for revision of the standardised approaches for credit, operational and market risk and the introduction of capital floors based on standardised approaches. Any amendments resulting from these and possible future consultations are likely to affect rules contained in CRD IV and/or the application of CRD IV and the rules and regulations based thereon.

CRD IV, in implementing Basel III, is intended to increase the quality and quantity of capital, requires increased capital against derivative positions and introduces a capital conservation buffer, a counter-cyclical buffer, systemic risk buffer, a new liquidity framework (LCR) and net stable funding ratio (NSFR) as well as a leverage ratio. The LCR addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. The NSFR requires that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities, i.e. that long-term assets are covered with sufficient stable funding. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets (including specific off-balance sheet items).

In October 2014, DNB qualified NWB Bank as a 'promotional lender' within the framework of the liquidity coverage requirements under the CRR. As a result, NWB Bank's debt securities qualify as high quality liquid assets level 1.

The ultimate aim of Basel III/CRD IV is to reduce leverage in order to bring institutions' weighted assets more in line with their Tier-1 capital. On an EU level, the leverage ratio requirements are phased in with initially a reporting period, a disclosure obligation as of 1 January 2015 and the migration to a binding harmonized requirement as part of the EU Banking Reforms (as referred to below). If Basel III is followed under CRD IV, the leverage ratio may not fall below 3%, though there is still uncertainty as to the exact percentage and scope of the leverage ratio under CRD IV. The EU rules deviate from the Basel III rules in certain aspects (e.g. in imposing an additional systemic risk buffer) and (in respect of some provisions) provide national flexibility to apply more stringent prudential requirements than those set in the EU (or Basel) framework. In this respect, under the EU Banking Reforms (as described above under '— NWB Bank is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of NWB Bank's regulators are likely to have a material adverse effect on NWB Bank's operations or profitability'), the European Commission has proposed a binding leverage ratio of 3%. According to the proposal, competent authorities remain responsible for monitoring leverage policies and processes of individual institutions and may impose additional measures to address risks of excessive leverage, if warranted. Prior to the announcement of the EU Banking Reforms, the Dutch government announced that it wished to implement a leverage ratio of at least 4% for significant Dutch banks. However, the Dutch Minister of Finance explicitly indicated that this percentage will not apply to NWB Bank, given its specific business model of lending exclusively to municipal governments and public entities. In addition, the Dutch Minister of Finance stated that he will try to obtain appropriate leverage ratio agreements on a European level in respect of banks, such as NWB Bank. However, in the same statement, the Minister of Finance stressed that banks, such as NWB Bank, should continue to improve their leverage ratio, because it is currently unclear what a harmonized European leverage ratio framework would entail for NWB Bank. International discussions are ongoing regarding a possible leverage ratio surcharge for G-SIBs. NWB Bank does not currently qualify as such.

Due to the structure of NWB Bank's balance sheet and its lending mainly to Dutch public sector borrowers with currently zero-risk weighting, NWB Bank may not be able to meet the stricter capital and liquidity requirements set under Basel III, in particular the leverage ratio, pursuant to CRD IV and, as amended or supplemented by the EU Banking Reforms. The volatility in total assets caused by changing interest rates that affect swap-related collateral obligations and require market value adjustments in most of NWB Bank's long-term lending portfolios makes it difficult to manage balance sheet ratios. NWB Bank believes this volatility would warrant an additional capital buffer on top of the required 3% in order to prevent any unintended failure to achieve the target ratio. To date NWB Bank has managed its balance sheet and regulatory capital (its balance sheet leverage ratio as at 31 December 2016 was 2.3%) on the basis that substantially all of its assets carry a zero-risk weighting. When its non-risk weighted assets are included, NWB Bank could be required, depending on the applicability of the binding leverage ratio of 3% proposed as part of the EU Banking Reforms and any permitted relevant adjustments or relief in respect of calculating NWB Bank's leverage ratio, either to significantly increase its Tier-1 capital or reduce its lending to comply with such ratio. In order to increase its Tier-1 capital, in addition to retaining profits, NWB Bank has issued and may issue other capital instruments, such as hybrid debt instruments, which carry a higher cost of funding than its existing long-term debt. Having to increase Tier-1 capital and/or reduce lending could have an adverse effect on NWB Bank's business and/or results of operations.

In addition to the capital requirements, CRD IV also deals with market access and license requirements for credit institutions. The definition of 'credit institution' is set out in the CRR. As a consequence thereof and as a result of the CRD IV implementation into Dutch law, the DFSA includes a definition of 'bank' that merely refers to the definition of 'credit institution' in the CRR. This means that the notion of a bank and the question whether an entity falls within the scope of the banking license requirement is primarily decided at the EU level. DNB has confirmed that NWB Bank qualifies as a 'credit institution' as set out in the CRR. Despite the increase in total assets, the leverage ratio rose by 0.2 percentage points to 2.3%, (including profit for the current financial year). This is largely attributable to NWB Bank raising hybrid capital (additional Tier 1 or AT1 capital). In 2016, NWB Bank raised €121 million, increasing the total amount of AT1 capital to €321 million. The investors are mostly provincial authorities who deemed this an attractive investment of a public nature. NWB Bank has proceeded to issue AT1 capital instruments in addition to the maximum reservation of annual profits in order to comply with the Basel III capital requirements. On 23 November 2016, the European Commission published the draft texts on the amendment of the CRR, including a specification of the leverage ratio obligation. These texts incorporate a proportional application of the leverage ratio obligation for 'public development credit institutions'. This suggests that promotional banks such as NWB Bank would fall under that definition. However, a number of points require further clarification in this regard. The proposed specification would entail a considerable reduction of the leverage ratio requirement for NWB Bank. In view of the delay in decision-making, the introduction of the leverage ratio is expected to be postponed by at least one year to1 January 2019. Against this background, NWB Bank has for the time being decided not to issue any further AT1 instruments. NWB Bank is closely monitoring the decision-making on the amendment of the CRR, particularly the leverage ratio obligation.

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

On 23 November 2016, the European Commission announced a further package of reforms to CRD IV, the BRRD and the SRM Regulation in the form of the EU Banking Reforms, including measures to increase the resilience of EU institutions and enhance financial stability. The EU Banking Reform are wide-ranging and cover multiple areas, including a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of 'non-preferred' senior debt, the implementation of the TLAC standard, the amendment of a number of aspects of the MREL framework to align it with the TLAC standard, and the transposition of the FRTB conclusions into EU legislation. As such, the EU Banking Reforms may affect the Issuer (including with regard to the MREL it must maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in) (as described in more detail under 'Bank Recovery and Resolution Directive and Bail-in Tool' above). The timing for the final implementation of these reforms as at the date of this Base Prospectus is unclear. Furthermore, until the EU Banking Reforms are in final form, it is uncertain how the proposals will affect the Issuer or Noteholders.

Deposit Guarantee Schemes

On 2 July 2014, a new Directive 2014/49/EU ('**DGS Directive**') on deposit guarantee schemes entered into force. The DGS Directive amends Directive 94/19/EC and regulates amongst others the harmonization of the ex-ante financing of the deposit guarantee schemes, the harmonization of the maximum payment of €100,000 under a deposit guarantee scheme, the cross-border cooperation of (foreign) deposit guarantee schemes, more transparency for depositors, the verification of claims by the deposit guarantee schemes and the reimbursement in the event of a bank failure. The legislation implementing the DGS Directive in the Netherlands entered into force on 26 November 2015. As a result, NWB Bank and other financial institutions are required to pay (ex-ante) risk-weighted

contributions into a fund to cover future drawings under the deposit guarantee scheme. The fund is expected to grow to a target size of 1% of all deposits guaranteed under the scheme. The target size should be reached in 15 years. The costs associated with potential future ex-ante contributions may vary from time to time, and will depend on the methodology used to calculate risk-weighting, but may be significant.

On 24 November 2015, the European Commission proposed a euro-area wide insurance scheme for bank deposits to be implemented in three phases: reinsurance, co-insurance and full insurance ('**EDIS**'). The EDIS proposal builds on the existing framework of national DGSs, under which depositors would benefit from the same levels of protection. EDIS would be filled by contributions owed and paid by banks directly to the Single Resolution Board, as manager of EDIS, and calculated and invoiced by participating DGSs. It is not clear yet in what final form and when EDIS will come into effect, but such contributions may impact NWB Bank's results of operations.

MiFID

In April 2004, the Markets in Financial Instruments Directive 2004/39/EC ('**MiFID**') came into force. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID harmonizes conduct of business rules, including best execution, conflict of interest and customer order handling rules for investment services with respect to financial instruments. MiFID abolishes the concentration rule, creating a more competitive regime between order execution venues. It furthermore imposes market transparency rules on investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for equities. MiFID also has consequences for intermediaries in financial products. It envisages, *inter alia*, a way to harmonize regulation in respect of commission payments. MiFID prescribes inducement rules which should lead to appropriate commissions. These rules are intended to better protect customers if they wish to purchase financial instruments and to avoid reward-driven advice issued by intermediaries since intermediaries are often paid by the provider of the financial product. MiFID has been amended by a directive (Directive 2014/65/EU, '**MiFID II**') and a regulation (Regulation 600/2014, '**MiFIR**'). MiFID II and MiFIR provide for, among others, more extensive powers to supervisory authorities, increased market infrastructure and reporting requirements, more robust investor protection and increased equity and non-equity market transparency. MiFID II and MiFIR entered into force on 2 July 2014. Save for certain provisions, MiFID II and its implementing measures initially had to be implemented into national legislation and were to be applicable from 3 January 2017. However, this deadline was extended, so that the new implementing deadline is now 3 January 2018. The applicability of MiFIR has also been postponed until 3 January 2018.

PSD

In November 2007, the Payment Services Directive 2007/64/EC ('**PSD**') was formally adopted. The PSD aims to open up payment services to competition from newly licensed payments institutions and to increase consumer protection by introducing information requirements and uniform operational rules for payment service providers. The PSD, applicable in the European Union to all payments in Euro and other Member States' currencies, lays the foundation for the creation of a single market in payments and constitutes the legal framework for a single Euro payments area. On 24 July 2013, the European Commission published a proposal for a revised payment services directive ('**PSD2**'). PSD2 broadens the scope of the existing PSD and captures a wider range of payment services and payment transactions. In addition, PSD introduces new responsibility and liability provisions. On 25 November 2015, PSD2 was adopted by the European Parliament and the Council and it was published in the Official Journal on 23 December 2015 (2015/2366/EU). Member States must adopt and publish the national laws implementing PSD2 by 13 January 2018. On 17 November 2016 a draft act for implementing PSD II in the Netherlands was published for consultation. This consultation version is subject to change. The legislative proposal that will ultimately be submitted to parliament is subject to parliamentary debate.

Anti-Money Laundering

The third Anti-Money Laundering Directive 2005/60/EC, adopted in November 2005, aims to implement 40 recommendations of the Financial Action Task Force (an intergovernmental body whose purpose is the development and promotion of national and international legislation and policies to combat money laundering and terrorist

financing). It follows a risk-based approach under which all measures aimed at preventing money laundering must be applied on a proportionate basis, depending on the type and risk of customer, business and other considerations. On 1 January 2007, Regulation 1781/2006, which transposes the Financial Action Task Force Special Recommendation VII on 'wire transfers' into EU legislation, came into force. The regulation sets out rules on information on the payer accompanying transfers of funds, in order to allow basic information to be immediately available to the authorities responsible for combating money laundering and terrorist financing. On 20 May 2015, the fourth Anti-Money Laundering Directive 2015/849 was adopted ('**AML 4**'). Member States are required to have implemented the fourth Directive by 26 June 2017. AML 4 aims at implement the recommendations of the Financial Action Task Force that were published in February 2012. In addition, on 20 May 2015 Regulation 2015/847 on information accompanying transfers of funds to secure 'due traceability' of these transfers was adopted. This regulation replaces Regulation 1781/2006 and enters info force as of 26 June 2017. AML 4 has not yet been implemented into Netherlands law, and it is currently unsure whether the implementing deadline will be met in time.

Further thereto, on 5 July 2016, the European Commission published a proposal with amendments to AML 4. The proposal entails a further tightening of the rules set out in AML 4, including an expansion of access to public UBO registers. The proposal for amending AML 4 expected Member States to transpose it into national law by 1 January 2017. However, the ordinary legislative procedure regarding this proposal has yet to be fully completed. It is thus not clear when these amendments to AML 4 will have to be implemented.

EMIR

EMIR entered into force on 16 August 2012. EMIR is part of the European implementation of the commitments made at the G-20 Pittsburgh summit of September 2009 with regard to OTC derivatives. In line with these commitments, EMIR aims to increase transparency regarding OTC derivatives, reduce counterparty credit risks under OTC derivative transactions and reduce operational risks in relation to those transactions. EMIR lays the ground for, amongst other things, the mandatory clearing of designated OTC derivatives between certain parties through a central counterparty ('**CCP**'), risk management of derivatives transactions that are not centrally cleared and the mandatory reporting of all exchange-traded and OTC derivatives to a trade repository. EMIR is a Level-1 regulation and requires secondary rules for full implementation of all elements. Some (but not all) of these secondary rules have been finalised and certain requirements under EMIR are already in effect. Requirements pertaining to risk management entered into force on 15 March 2013, with the exception of the margin requirements, which are being gradually phased in as from 4 February 2017. The mandatory clearing of designated OTC derivatives is being gradually phased in as from 21 June 2016.

On 21 November 2016, the European Commission published a report in connection with a review of EMIR. The report provides a summary of the areas where action is necessary to ensure that the objectives of EMIR – to promote transparency and standardisation in derivatives markets as well as reduce systemic risk through the application of its core requirements – are met in a more proportionate, effective and efficient manner. Although the report concludes that there does not seem to be a need for fundamental changes to the nature of the core requirements of EMIR, it is currently unclear if and to what extent the review may lead to amendments to EMIR. A further legislative review in respect of EMIR is expected in 2017.

Single Supervisory Mechanism

The Single Supervisory Mechanism ('**SSM**') is one of the elements of the Banking Union. The SSM creates a new system of financial supervision comprising the ECB and the national competent authorities of participating EU countries. Among these EU countries are those whose currency is the euro and those whose currency is not the euro but who have decided to enter into close cooperation with the SSM. Under the new system of supervision, the ECB directly supervises significant credit institutions as of 4 November 2014. Specific tasks relating to the prudential supervision of credit institutions have been conferred on the ECB by a regulation (Regulation 1024/2013, '**SSM Regulation**'). The SSM Regulation entered into force on 4 November 2014.

NWB Bank is considered a 'significant credit institution' under the SSM and is therefore subject to direct supervision by the ECB. The ECB is the competent authority responsible for supervising significant credit

institutions' compliance with the prudential requirements including (among other things) (i) own funds requirements, the LCR, the NSFR, the leverage ratio and the reporting and public disclosure of information on these matters, as set out in CRR and (ii) the requirements to have in place robust governance arrangements, including fit and proper requirements for the persons responsible for the management of the bank, remuneration policies and practices and effective internal capital adequacy assessment. In this context, the ECB will apply the rules and requirements of the CRR and the Dutch implementation of CRD IV in the DFSA to the Dutch significant credit institutions. DNB will remain the supervisory authority in respect of tasks not conferred to the ECB. This includes, amongst other things, payment systems and the preventing of money laundering and terrorist financing pursuant to the Act on the Prevention of Money Laundering and Terrorist Financing (*Wet ter voorkoming van witwassen en financieren van terrorisme*).

Bank Recovery and Resolution Directive

The Bank Recovery and Resolution Directive ('**BRRD**') and the Single Resolution Mechanism Regulation ('**SRM Regulation**') provide for the European framework for the recovery and resolution of (amongst others) ailing banks, certain investment firms and certain of their group entities.

The BRRD has been transposed into Netherlands law pursuant to the Act implementing the European framework for the recovery and resolution of banks and investment firms (*Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen*), which entered into force on 26 November 2015. NWB Bank is subject to the BRRD as implemented in Netherlands law.

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

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

If NWB Bank would be deemed no longer viable (or one or more other conditions apply) the SRB may decide to write-down, cancel or convert relevant capital instruments of NWB Bank into shares or other instruments of ownership, independently or in combination with a resolution action. The SRB shall ensure that DNB will exercise the write-down and conversion powers pursuant to the BRRD, as implemented in Netherlands law, in order to write-down, cancel or convert the relevant capital instruments into shares or other instruments of ownership, and in accordance with a certain order of priority.

If NWB Bank would be deemed to be failing or likely to fail and the other resolution conditions would also be met, the SRB may decide to place NWB Bank under resolution. As part of the resolution scheme to be adopted by the SRB, it may decide to apply certain resolution tools, subject to the general resolution objectives and principles laid down in the SRM Regulation. 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 NWB Bank or convert to equity or reduce the principal amount of claims or debt instruments of NWB Bank that have been transferred pursuant to one of the aforementioned transfer tools. The bail-

in tool extends further than the relevant capital instruments of NWB Bank, and may also result in the write-down or conversion of eligible liabilities of NWB Bank in accordance with a certain order of priority. In order to ensure the effectiveness of the bail-in tool, the SRM prescribes at all times a MREL which may be subject to the bail-in tool.

According to the SRM Regulation, the national resolution authorities shall take the necessary action to implement decisions of the SRB. They shall exercise their powers granted to them under the BRRD, as implemented in national law. In addition to the resolution powers described above, DNB has been granted certain other resolution and ancillary powers to implement any resolution decision by the SRB in respect of NWB Bank. It may for instance decide to terminate or amend any agreement (including a debt instrument) to which NWB Bank is a party or replace NWB Bank as a party thereto. Furthermore, DNB may, subject to certain conditions, suspend the exercise of certain rights of counterparties vis-à-vis NWB Bank or suspend the performance of payment or delivery obligations of NWB Bank. In addition, pursuant to Netherlands law, certain counterparty rights may be excluded in the event such rights come into existence or become enforceable as a result of any recovery or resolution measure or any event in connection therewith (subject to further conditions).

The EU Banking Reforms (as further described under '— NWB Bank is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of NWB Bank's regulators are likely to have a material adverse effect on NWB Bank's operations or profitability' above), include various amendments to the BRRD and SRM framework. Among others, the EU Banking Reforms contain a proposal for the amendment of the MREL framework and the implementation of the TLAC standard to align the two. The TLAC standard aims to ensure that G-SIBs have sufficient loss-absorbing and recapitalization capacity available in resolution. The EU Banking Reforms also propose a number of changes to the MREL rules applicable to non-G-SIBs such as NWB Bank, including (without limitation) the criteria for the eligibility of liabilities for MREL. Furthermore, MREL requirements will be imposed on a (non G-SIB) bank-specific basis. The EU Banking Reforms also include an EU harmonised approach on bank creditors' insolvency ranking that would enable banks to issue debt in a new statutory category of unsecured debt, ranking just below the most senior debt and other senior liabilities for the purposes of resolution, while still being part of the senior unsecured debt category. The EU Banking Reforms also propose a tool allowing for the suspension of certain contractual obligations for a short period of time in resolution as well as in the early intervention phase. As such, the EU Banking Reforms may affect the Issuer (including with regard to the MREL it must maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in). The timing for the final implementation of these reforms as at the date of this Base Prospectus is unclear. Furthermore, until the EU Banking Reforms are in final form, it is uncertain how the proposals will affect the Issuer or Noteholders.

Dutch Supervision and Regulation

Dutch Financial Supervision Act

The Dutch regulation for financial supervision is laid down in and based on the provisions of the DFSA, which came into effect on 1 January 2007. The DFSA is partly based on European directives and regulations.

DNB's prudential supervision is aimed at ensuring the financial soundness of financial undertakings, including banks, and contributes to the stability of the financial sector. In order to achieve this, DNB protects the interests of bank creditors, policyholders, investors and financial services customers of financial enterprises. Prudential supervision comprises solvency and liquidity supervision designed to review whether financial enterprises can meet their payment obligations. The supervision aims to reduce the risk of bankruptcy. In case of breach of prudential rules of the DFSA, DNB or the ECB (depending on whether supervision in respect of a particular requirement has been conferred to the ECB or not) may, *inter alia*, issue directions, impose fines and publish information on any imposed sanctions and the context. The rules on prudential supervision are further described below. The exercise of supervision by the ECB pursuant to the SSM and the exercise of resolution powers by the SRB pursuant to the SRM are further described above.

The AFM's conduct supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial enterprises in dealing with

customers. As part of this, the conduct supervision intends to minimize the potential information gap between providers of financial services and products, and their customers. In case of a breach of conduct rules pursuant to the DFSA, the AFM may, *inter alia*, issue directions, impose fines and publish information on any imposed sanctions and the context thereof.

NWB Bank license under the DFSA

Pursuant to the DFSA, no enterprise or institution established in the Netherlands may pursue the business of a bank unless it has obtained a banking license from DNB. NWB Bank holds a Dutch banking license pursuant to Article 2:11 in conjunction with Article 2:13 of the DFSA to perform banking services in the Netherlands such as granting credits. NWB Bank may also provide investment services under its banking license.

Qualified holding

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

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

Banker's oath / Disciplinary scheme

In 2013, the bankers' oath, an ethics statement for the financial industry, was introduced in the DFSA (pursuant to the Bankers' Oath Regulation (*Regeling eed of belofte financiële sector*)) for a financial institution's day-to-day policy makers and supervisory board members. As of 1 April 2015 the scope of people required to take the oath or solemn affirmation has been broadened to include any person that works under the responsibility of a bank in the Netherlands and has an employment contract with a bank or otherwise contributes to the substantial business of the bank.

The Dutch Banking Association (Nederlandse Vereniging van Banken, '**NVB**') has established a Disciplinary Regulation (*tuchtreglement*) that lays down the consequences of breaching certain conduct rules and procedures for filing a complaint against individual employees. Employees of a bank must adhere to this disciplinary scheme and the conduct rules, by signing a disciplinary scheme declaration pursuant to the DFSA.

Dutch Banking Code (2014)

The NVB has revised the Dutch Banking Code 2010. The new Dutch Banking Code 2014 ('**Banking Code**') entered into force on 1 January 2015 and is designed to make a contribution to public trust in banks and their role in the community. The principles in the updated Banking Code emphasize the importance of sound and ethical operations by banks and set this out in certain principles for (i) the executive board, (ii) the supervisory board, (iii) risk management, (iv) audit and (v) remuneration.

Dutch Intervention Act

The Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen or Interventiewet*) provides the Dutch Minister of Finance with certain powers to intervene in a bank established in the Netherlands, such as NWB Bank, if the Minister of Finance deems that the stability of the financial system is in serious and immediate danger due to the situation that bank is in. These powers may result in the expropriation by the Dutch State of assets or liabilities of NWB Bank, and securities issued by or with the cooperation of NWB Bank. Also, the Minister of Finance may take certain immediate measures which may deviate from statutory provisions or from the articles of association of NWB Bank. As a result of the entry into force of the SRM and the implementation of the BRRD, the

foregoing powers have been referred to by the Dutch legislator as constituting state emergency regulations and it is expected that these will only be applied if the SRM and BRRD regime would not be effective. The exclusion of certain rights against NWB Bank, as discussed above with respect to the BRRD, applies similarly in this context.

Dutch bank tax

In 2012, the Netherlands introduced a Banking Tax Act (*Wet Bankenbelasting*). NWB Bank qualifies as a tax payer under the Dutch Banking Tax Act. In 2016, 2015 and 2014, the tax owed was €25.5 million (including resolution levy), €21 million (including resolution levy) and €15 million, respectively.

CAPITALIZATION

	As of 31 December 2016[1] (€ millions)
Short-term debt (<1 year)	
Banks[2]	2,281
Short-term debt securities[3]	10,415
Funds entrusted[4]	16
Total short-term debt	12,712
Long-term debt (>1 year)	
Bank loans[5]	411
Bonds[6]	56,817
Funds entrusted[7]	6,044
Subordinated debt[8]	324
Total long-term debt	63,596
Shareholders' equity	
Share capital	7
Revaluation reserves	3
General reserve	1,390
Profit for the year	107
Total shareholders' equity	1,507
Total long- and short-term debt and shareholders' equity	77,815

- (1) The information in this table is derived from the last published financial information of the Issuer. There has not been any material change in the Issuer's capitalization since 31 December 2016.
- (2) Banks consist of liabilities, other than debt securities, due to domestic and foreign banks. Short-term debt included in Banks is comprised of short-term loans and collateral. See note 17 to the Financial Information for the year ended 31 December 2016.
- (3) Short-term debt securities consists of commercial paper. See note 19 to the Financial Information for the year ended 31 December 2016.
- (4) Funds entrusted consists mainly of short-term deposits and customer current accounts. See note 18 to the Financial Information for the year ended 31 December 2016.
- (5) Bank loans consists of long-term loans carried at amortized cost under Banks. See note 17 to the Financial Information for the year ended 31 December 2016.
- (6) Bonds consists of issuances under the Program and issuances under the Issuer's other programs. See note 19 to the Financial Information for the year ended 31 December 2016. Issuances and any redemptions to date since 31 December 2016 have not been reflected in this table.
- (7) Funds entrusted consists of private loans to NWB Bank in both Euro and foreign currencies. See note 18 to the Financial Information for the year ended 31 December 2016.
- (8) Subordinated debt consists of hybrid capital qualifying as additional Tier 1 capital.

SELECTED FINANCIAL DATA

The following table sets out certain selected financial data as at and for the years ended 31 December 2016, 2015, 2014, 2013 and 2012 prepared in accordance with Dutch GAAP.

	As at and for the year ended 31 December				
	2016	2015 (restated)	2014	2013	2012
	(€ millions, except percentages and per share data)				
Balance Sheet					
Long-term loans and advances	48,260	49,069	49,421	49,595	48,142
Equity	1,507	1,399	1,303	1,256	1,226
Total assets	94,414	91,314	88,249	73,006	76,084
Risk-weighted assets	1,821	1,421	1,152	1,039	933
Results					
Net interest income	218	177	117	95	107
Results from financial transactions	(25)	(6)	(16)	(14)	(24)
Operating income	193	171	101	81	83
Total operating expenses[1]	44	39	31	31	26
Income tax expense	42	37	21	16	17
Net profit	107	95	49	34	40
Dividends					
Dividend distribution	0	0	0	0	0
Ratios (%)					
Tier 1 ratio[2]	61.2[3]	79.8[3]	73.0[3]	100.9	111.2
Operating expenses/interest ratio[4]	8.6	9.8	13.8	16.9	13.1
Capital ratio[5]	1.6	1.5	1.5	1.8	1.6
Leverage ratio[6]	2.3	2.1	1.8	1.9	-
Liquidity coverage ratio[7]	146	134	144	110	-
Net stable funding ratio[8]	123	117	107	107	-

(1) Including bank tax. For 2016 and 2015, total operating expenses also includes NWB Bank's payments to the SRF.

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

(3) With the CRD IV having taken effect on 1 January 2014, the Tier 1 ratio dropped by approximately a quarter, due to the introduction of the CVA capital charge. Excluding profit for the year, the Tier 1 ratio as at 31 December 2014 would have been 70.3%. Excluding profit for the year, the Tier 1 ratio as at 31 December 2015 would have been 75.0%. Excluding profit for the year, the Tier 1 ratio as at 31 December 2016 would have been 57.6%. The Tier 1 ratio decrease in 2016 compared to 2015 was principally due to NWB Bank applying a different method of calculating the CVA capital charge.

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

(5) Equity as a percentage of total assets.

(6) Tier-1 capital divided by a measure of non-risk weighted assets (including specific off-balance sheet items). The leverage ratios presented in the table are calculated based on the modified method for calculating leverage ratios announced by the Basel Committee on Banking Supervision in January 2014 and adopted in 2015. See 'Operating and Financial Review – Liquidity and Capital Resources – Capital Management'.

(7) The LCR addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. See 'Operating and Financial Review – Liquidity and Capital Resources – Capital Management'.

(8) The NSFR requires that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities, i.e. that long-term assets are covered with sufficient stable funding. See 'Operating and Financial Review – Liquidity and Capital Resources – Capital Management'.

OPERATING AND FINANCIAL REVIEW

The following operating and financial review is intended to convey management's perspective on the operating performance and financial condition of NWB Bank during the periods under review, as measured in accordance with Dutch GAAP. This disclosure is intended to assist readers in understanding and interpreting the Financial Information of NWB Bank incorporated by reference in this Base Prospectus. The discussion should be read in conjunction with the Financial Information of NWB Bank and the accompanying notes which are incorporated by reference in this Base Prospectus.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. NWB Bank's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Base Prospectus, particularly under the headings 'Risk Factors' and 'Cautionary Statement Regarding Forward-looking Statements'.

In this operating and financial review, references to '2016', '2015' and '2014' refer to the years ended 31 December 2016, 2015 and 2014, respectively.

Overview

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

Principal Factors Affecting Results of Operations

General economic conditions

The outlook for the global economy in the near- to medium-term remains uncertain due to several factors, including geopolitical risks and concerns around global growth and price and currency stability. Factors affecting growth and stability stem mainly from, amongst other things, continued imbalances in Europe and elsewhere, low growth levels in foreign markets and from uncertainty about how economies will respond to the monetary policy measures from the ECB, including the implementation of the QE program, which was announced in January 2015 and has since expanded to exceed €2.4 trillion, and the U.S. Federal Reserve's interest rate hikes.

Consensus forecasts of growth in 2017 and 2018 for some of the largest European economies such as Italy remain low compared to historical averages.[18] In addition, pressure from the European Union over the refugee crisis and ongoing bail-out tranche talks continue to negatively impact the European markets. The potential impact of a sovereign default on the Eurozone countries, including the potential that some Member States could leave the Eurozone (either voluntarily or involuntarily), could raise concerns about the ongoing viability of the euro currency and the EMU. While the QE program of the ECB that commenced in March 2015 is designed to improve confidence in Eurozone equities and encourage private bank lending, there remains considerable uncertainty as to whether such measures will sustain the economic recovery or avert the threat of sovereign default. Further, the outcome of general elections in France and Germany in 2017 could result in general market volatility or instability, including due to potential discussions about those countries' place in the European Union, which could negatively impact the European markets.

In addition, in a referendum held in the United Kingdom on 23 June 2016, a majority voted for the United Kingdom to leave the European Union. There is continued uncertainty relating to the United Kingdom's exit from the European Union now that Article 50 has been triggered, including as to the negotiation and form of the United Kingdom's relationships with the European Union, with other multilateral organizations and with individual countries at the time of exit and beyond. The uncertainty surrounding such exit could negatively impact the European markets. See 'Risk Factors – A weakening of economic recovery in Europe, the uncertainties surrounding

[18] Source: European Commission.

the United Kingdom's exit from the European Union, and any renewed threat of default by certain Eurozone countries, may adversely affect NWB Bank's business and results of operations'.

The Dutch economy saw signs of recovery in 2014, and growth in 2015 and 2016. The government's budget deficit has continued to remain under the ceiling of 3%, and the Dutch EMU debt fell in 2016. GDP in the Netherlands increased by 2.1% in 2016 compared with an increase of 1.9% in 2015.[19] GDP is expected to remain modest at 2.1% in 2017.[19] The exportation of goods and services decreased by 1.3% in 2016 compared to 5.0% growth in 2015, and projections suggest it is set to further decrease by 0.2% in 2017.[19] Government consumption as a percentage of GDP remained stable at 25.0% in 2016 from 25.3% in 2015.[20] Investments in tangible fixed assets were 6.4% higher in January 2017 than in January 2016, mainly driven by investments in automobiles.[20] In 2016, the average number of people unemployed in the Netherlands decreased to 6.0% of the working population, from 6.9% in 2015 (2014: 7.4%), and projections suggest it is set to decrease to 4.9% in 2017.[19] There is risk that the Eurozone may suffer from deflation, causing consumers and businesses to cut back on spending. Inflation in the Netherlands slightly decreased to approximately 0.1% in 2016 (2015: 0.2%; 2014: 0.3%), and projections suggest it is set to increase to approximately 0.9% in 2017.[19] The declining inflation rate in 2016 was influenced by falling electricity prices and a lower overall increase in rents. In the Eurozone as a whole, inflation slightly increased from 0.0% at year-end 2015 (2014: 0.4%) to 0.2% at year-end 2016.[21]

As evidenced by the statistics above, the recovering economic conditions in Europe and the Netherlands following the global economic and financial crisis has resulted in GDP growth, lower unemployment rates and more stable property markets, which has moderately raised investment and consumer spending. This in turn has had a positive impact on the financing requirements of NWB Bank's public sector clients. However, volatility in the capital and credit markets during recent years has had a material impact on NWB Bank's core activities of funding and lending.

NWB Bank's long-term lending volumes slightly decreased in 2016. This was primarily due to increased competition in public sector lending. See also 'Nederlandse Waterschapsbank N.V. – Competition' and 'Risk Factors – NWB Bank is exposed to certain concentration risks in its portfolio' above and ' – Selected Balance Sheet Items at 31 December 2016, 31 December 2015 and 31 December 2014 – General' below.

NWB Bank believes that economic and market conditions in the Netherlands and Western Europe in general will continue to affect NWB Bank's results of operations. In particular, NWB Bank's ability to generate revenues and expand its loan portfolio in the future largely depends on the continued economic and market recovery within the Netherlands, which in turn relies on continued recovery in Western Europe. For more information relating to macro-economic risks to NWB Bank, see 'Risk Factors – NWB Bank's business and results of operations can be negatively affected by actual or perceived local and global economic and financial market conditions' and 'Risk Factors – A weakening of economic recovery in Europe, the uncertainties surrounding the United Kingdom's exit from the European Union, and any renewed threat of default by certain Eurozone countries, may adversely affect NWB Bank's business and results of operations'.

Regulatory changes and operating expenses

Increased regulatory burdens, stricter requirements imposed by supervisory authorities, the change to prudential supervision by the ECB, the implementation of the European market infrastructure regulation, the transition to the single European payments area, the introduction of the bank tax, and more complex accounting rules contributed to an increase in NWB Bank's operating expenses in recent years, which was partly of a permanent nature. NWB Bank has increased its permanent workforce and temporary employees over the past three years (the number of FTEs increased from 48.5 in 2014, to 49.6 in 2015 and 53.2 in 2016) in connection with the foregoing and in order to manage increasingly complex operations such as risk management, compliance and ICT, as well as to more intensively support new growth and development projects and activities. In 2016, NWB Bank maintained its international funding activities, in particular its Euro and U.S. Dollar commercial paper programs, intensified its customer relations and reinforced its position in markets such as project financing as part of public-private

[19] Source: CPB Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*).
[20] Source: Statistics Netherlands (*Centraal Bureau voor de Statistiek*).
[21] Source: Eurostat.

partnerships. Operating expenses increased by €8 million to €39 million in 2015 (2014: €31 million) and increased by €5 million to €44 million in 2016.

Furthermore, pursuant to the BRRD and SRM Regulation, NWB Bank is required to make contributions to the SRF. The SRF is funded by ex-ante annual contributions from credit institutions in participating EU countries, such as NWB Bank. The SRF will be built up over a period of eight years starting from the year 2016 to reach a target level of at least 1% of the amount of covered deposits of all credit institutions authorised in all the participating EU countries. These contributions increase NWB Bank's operating expenses. In 2016, NWB Bank's contribution to the SRF amounted to €5.8 million before tax, excluding an irrevocable obligation of €1 million (2015: €2.7 million). The €3.1 million increase from 2015 to 2016 was due to an increase in NWB Bank's balance sheet total and the fact that the time to build up the SRF went from ten years to eight years.

Borrowing and debt obligations

During the worst stages of the global financial crisis, credit markets worldwide, including interbank markets, experienced severe reductions in the availability of financing for prolonged periods. Financial markets experienced high volatility in the last quarter of 2014, and periodic periods of volatility through 2015 and into 2016. In addition, credit markets experienced elevated levels of volatility during 2016, partly due to low commodities prices. In addition, volatility in financial markets could continue as central banks, in particular, the U.S. Federal Reserve, start and/or accelerate the process of tightening or unwinding historically unprecedented loose monetary policy or extraordinary measures. On the other hand, in March 2015 the ECB commenced QE program in which it expects to purchase government bonds worth up to €60 billion per month from April 2017 until December 2017, thereby expanding the QE program to exceed €2.4 trillion. Certain European banks, in particular in Spain, Portugal, Greece and Italy, remained reliant on the ECB as one of their principal sources of liquidity. Further market volatility may occur as interest rates are increased in certain economies and markets respond to the ECB's QE program.

NWB Bank has been able to maintain a good funding record during the 2014-2016 period with a diversified investor base and well spread tenors. Throughout this period NWB Bank has been able to access the capital markets, raising €12.4 billion in long-term funding in 2016 compared with €9.4 billion and €13.3 billion in 2015 and 2014, respectively. In 2016, NWB Bank issued four benchmark loans, amongst which was a successful €1 billion green bond, its third water bond. Despite NWB Bank's Aaa/AAA ratings by Moody's and Standard & Poor's, market developments have had, and continue to have, a significant effect on NWB Bank's cost of funding, as well as the cost of funding to its principal customers. In 2016, credit and liquidity risk spreads improved and NWB Bank was generally able to achieve favorable funding rates.

In November 2014, DNB confirmed that NWB Bank qualifies as a 'promotional lender' within the framework of the liquidity coverage requirements under the CRR. As a result, NWB Bank's debt securities qualify as high quality liquid assets level 1. In 2014, most banks already considered NWB Bank's debt instruments to be securities with the highest liquidity standard, which caused the interest on the part of bank treasuries in NWB Banks' debt securities to rise, which in turn contributed to the favorable funding rates NWB Bank has since been able to achieve. In April 2015, the ECB added NWB Bank to the list of institutions whose securities are eligible for the public sector purchase program, which is part of the ECB's QE program.

In 2016, the average maturity of the new debt securities was 8.5 years, up by 0.7 years from 7.8 years in 2015. Of the €12.4 billion raised in 2016, 39.7% was raised in U.S. Dollars, 52.6% was raised in Euros and the remainder was raised in British pounds, Australian dollars, and Japanese Yen. This compares to 2015, when 46.3% was raised in U.S. Dollars, 46.9% was raised in Euros and the remainder was raised in British pounds, Australian dollars, South African Rand and Japanese Yen, and 2014, when 63.7% was raised in U.S. Dollars, 28.3% in Euros and the remainder was raised in Japanese Yen, British pounds and Australian dollars. At 39.7% in 2016, the U.S. Dollar's share in total funding was lower compared with 2015 and earlier years, which can be explained by the cost-effectiveness of the Euro for maturities longer than ten years.

NWB Bank is an active issuer of both Euro and U.S. Dollar commercial paper having issued €36.1 billion (equivalent) in aggregate over 2016 with maturities averaging 5.3 months. In 2016, NWB Bank issued €27.9 billion in aggregate with maturities averaging 5.8 months under its euro-commercial paper and certificate of deposit

programme, and US$8.7 billion (approximately €8.2 billion) in aggregate with maturities averaging 3.4 months under its US commercial paper program. The €36.1 billion (equivalent) issued in the aggregate over 2016 compared with €33 billion over 2015 and €16.4 billion over 2014. At an average cost of 19.4% for 2016 below comparable Euro Over Night Index Average ('**EONIA**') rates (2015: -/- 0.13%), NWB Bank views commercial paper as a feasible way of raising significant amounts of attractively priced funds and allowing it to time the issuance of long-term debt instruments with greater precision.

Interest rates

Interest rates have remained at historically low levels for the past several years. Interest rates for the EONIA have fluctuated throughout the last few years, from an average of 0.094% at year-end 2014 to negative 0.320% at year-end 2016. The ECB benchmark interest rate has been falling since 2013. In May 2013, the ECB lowered the refinancing rate to an historic low of 0.50% followed by a further reduction to 0.25% in November 2013. In June 2014, the ECB cut its rate to 0.15%, and further reduced it in September 2014 to 0.05%. This was followed by a further reduction to 0.0% in March 2016. The current ECB rate remains at 0.0%, in addition to the other measures the ECB is implementing in an effort to support the Eurozone economies.

Fluctuations in short-term and medium- to long-term interest rates impact NWB Bank's interest result differently based upon the repricing profile of its interest-earning assets and interest-bearing liabilities, which is set forth in note 32, 'Fair value of financial instruments' and note 33 'Risk management' of the Financial Information for the years ended 31 December 2016, 2015 and 2014 incorporated by reference in this Base Prospectus. NWB Bank's repricing profile depends upon the pricing terms applicable to its products (including base interest rates and yield curves), the mix of funding and lending instruments in NWB Bank's portfolio and the extent of NWB Bank's use of interest rate-related derivative contracts. As a general matter, very low interest rates do not affect NWB Bank's interest rate margins as significantly as certain other financial institutions, as NWB Bank relies mainly on funding from the capital markets, and NWB Bank's borrowing and lending maturities are closely matched.

NWB Bank also uses a variety of derivative products to minimize the risks related to interest rate fluctuations. However, in 2016, decreased prevailing market interest rates caused an increase in total assets of €3.1 billion to €94.4 billion from €91.3 billion in 2015, driving up the fair value of certain balance sheet items and collateral outstanding in connection with derivatives positions. The volatility in total assets caused by changing interest rates that affect swap-related collateral obligations and require market value adjustments in most of NWB Bank's long-term lending portfolios makes it difficult to manage balance sheet ratios. See 'Risk Factors – NWB Bank may be unable to manage its risks successfully through derivatives'.

Hedging Policy of NWB Bank

NWB Bank generally uses a hedging policy designed to minimize foreign exchange risks and manage interest rate volatility.

NWB Bank manages the fair value changes due to the changes in the interest rates of its financial assets and liabilities and applies fair value hedge accounting. NWB Bank applies two types of fair value hedge accounting, which are micro hedging and macro hedging.

Micro hedging relates to individual transactions which are included in an economic hedge relationship covering interest rate and foreign exchange risks. It involves a one-on-one relationship between the hedge instrument and the hedged item.

Macro hedging relates to a group of transactions that is hedged, for interest rate risk purposes, by using a group of derivative financial instruments. There is no one-on-one relationship between the hedged item and the hedging instrument at an individual level. It is demonstrated at a portfolio level that the derivative financial instruments in question set off the fair value changes caused by interest rate fluctuations.

NWB Bank hedges its financial assets for interest rate risk on a portfolio basis. These assets are swapped from fixed rate to floating interest rate. A substantial portion of these assets are designated in a macro fair value hedge. As substantially all of NWB Bank's assets are denominated in Euros, no foreign exchange risk hedging is necessary.

NWB Bank hedges its financial liabilities on a transaction basis, swapping these liabilities to floating interest rate. With respect to funding in foreign currencies, the foreign exchange risk is also fully hedged together with the interest rate risk at the outset. Substantially all funding transactions are designated into micro fair value hedge relationships, together with the corresponding cross currency interest rate swaps if and when applicable.

For the aforementioned portfolio hedges, the combined assets and liabilities together with the designated hedging instruments have an interest rate sensitivity of close to zero. Consequently, the fair value movements of the combined portfolio will not affect the income statement materially. Since the hedging instruments continue to be measured at fair value, while the loans are recorded on the basis of historic cost, a basis adjustment to the loans is recorded to offset the changes in value of the corresponding swaps. NWB Bank assesses the results on a weekly basis and reports monthly to the ALCO.

Results of Operations

Overview

The table below sets forth NWB Bank's results of operations for the years ended 31 December 2016, 2015 and 2014 prepared in accordance with Dutch GAAP:

	Year ended 31 December		
	2016	**2015 (restated)**	**2014**
		(€ millions)	
Interest and similar income[1]	1,680	1,785	1,852
Interest and similar expense[2]	1,462	1,608	1,735
Interest	218	177	117
Results from financial transactions[3]	(25)	(6)	(16)
Total operating income	193	171	101
Employee benefits expense	8	8	6
Other administrative expenses	9	8	7
Contribution to Stichting NWB Fonds	0	0	1
Employee benefits expense and other administrative expenses	17	16	14
Depreciation, amortization and value adjustments of intangible and tangible fixed assets	2	2	2
Bank tax	25	21	15
Other operating expenses	–	–	–
Total operating expenses[4]	44	39	31
Profit from ordinary operations before tax	149	132	70
Tax on profit from ordinary operations	42	37	21
Net Profit	107	95	49

(1) For the years ended 31 December 2016 and 2015, interest and similar income excludes amounts received from prepayments of financial instruments subject to hedge accounting and includes negative interest expense.

(2) For the years ended 31 December 2016 and 2015, interest and similar expense excludes amounts received from prepayments of financial instruments subject to hedge accounting and includes negative interest income.

(3) For the years ended 31 December 2016 and 2015, results from financial transactions includes amounts received from prepayments of financial instruments subject to hedge accounting.

(4) Including bank tax. For 2016 and 2015, total operating expenses also includes NWB Bank's payments to the SRF.

Description of key income statement items

Interest

Interest and similar income consists of interest income on loans and receivables, interest-bearing securities, cash, cash equivalents and deposits with DNB and the ECB, as well as commissions having an interest nature, penalty interest on early redemptions (to which hedge accounting is not applied), premiums and discounts. Premiums and discounts on loans and receivables carried at amortized cost are recognized using the effective interest method, together with the relevant interest income.

Interest and similar expense consists of interest expense on liabilities, whether or not embodied in debt securities, derivatives, as well as commissions having an interest nature, penalty interest on early redemptions, premiums and discounts. Premiums and discounts on debts, whether or not embodied in debt securities, not carried at fair value are recognized using the effective interest method, together with the relevant interest expense. Interest and similar expense also consists of negative interest income.

In the 2015 and 2014 Financial Statements, both interest and similar income and interest and similar expense, totaling €1,759 million and €1,579 million for 2015, respectively, included amounts received from prepayments of financial instruments subject to hedge accounting and excluded negative interest income and expense. In the 2016 Financial Statements, both interest and similar income and interest and similar expense, totaling €1,785 million and €1,608 million for 2015, respectively, exclude such amounts received from prepayments of financial instruments subject to hedge accounting and include negative interest income and expense. This change has resulted in an increase in the interest and similar income item for 2015 of €26 million, and an increase in the interest and similar expense item for 2015 of €29 million.

Results from financial transactions

This item consists of: (i) unrealized and realized changes in the fair value of derivatives included in macro hedge accounting, (ii) the revaluation of financial assets and liabilities included in hedge accounting, (iii) ineffectiveness in macro and micro hedge accounting, (iv) other changes in the fair value of restructured derivatives included in hedge accounting, (v) changes in the fair value of restructured derivatives included in hedge accounting and (vi) results from maturity extensions and early redemptions.

In the 2015 and 2014 Financial Statements, results from financial transactions, totaling negative €9 million for 2015, excluded amounts received from prepayments of financial instruments subject to hedge accounting. In the 2016 Financial Statements, results from financial transactions, totaling negative €6 million for 2015, included amounts received from prepayments of financial instruments subject to hedge accounting. This change has resulted in an increase in the results from financial transactions item for 2015 of €3 million.

Total operating expenses

Operating expenses includes employee benefits expense, which includes remuneration of the Managing Board and other administrative expenses. Other administrative expenses include the cost of accommodation, office expenses, general expense, the remuneration of Supervisory Board members and audit fees. Total operating expenses also includes NWB Bank's contribution to Stichting NWB Fonds ('**NWB Fonds**') as well as depreciation and amortization.

Results of Operations for 2016 compared to 2015

Interest

Net interest income increased from €177 million in 2015 to €218 million in 2016, an increase of €41 million or approximately 23.2% mainly due to higher volumes and margins on lending. The decrease in total interest expense was primarily due to favorable spreads in NWB Bank's Euro and U.S. Dollar commercial paper programs (primarily caused by the compensation of the Euro-dollar basis swap for U.S. Dollar-denominated commercial paper).

The table below sets forth the components of total interest income for the years 2016 and 2015.

	Year ended 31 December	
	2016	**2015 (restated)**
	(€ millions)	
Interest income on cash, cash equivalents and deposits at the DNB and ECB and loans and receivables at amortized cost	1,655	1,744
Interest income on interest-bearing securities	22	38
Commission	1	0
Negative interest income[1]	2	3
Total interest income	1,680	1,785

(1) This item consists of negative interest on the financial assets, cash, cash equivalents and deposits at DNB and the ECB, banks and loans and receivables.

Total interest income increased by €105 million to €1,680 million in 2016 compared to €1,785 million in 2015. Because of a decrease in new lending, interest and similar income on loans and receivables at amortized cost decreased by €105 million from €1,785 million in 2015 to €1,680 million in 2016.

The table below sets forth the components of total interest and similar expense for the years 2016 and 2015.

	Year ended 31 December	
	2016	**2015 (restated)**
	(€ millions)	
Interest expense on banks, funds entrusted and debt securities at amortized cost	551	714
Derivatives (net interest income/expense)[1]	832	867
Negative interest income[2]	(78)	(27)
Total interest and similar expense	1,462	1,608

(1) This item consists of net interest income/expense on derivatives as a result of the difference between the fixed pay component on interest rate swaps and the floating rate NWB Bank receives on the swap, recognized as an interest expense when the result is negative and as interest income when the result is positive.

(2) This item consists of negative interest on the financial liabilities, banks, funds entrusted and debt securities.

Total interest and similar expense decreased by €117 million to €1,462 million in 2016 from €1,579 million in 2015. This decrease was primarily due to favorable spreads in NWB Bank's Euro and U.S. Dollar commercial paper programs (primarily caused by the compensation of the Euro-dollar basis swap for U.S. Dollar-denominated commercial paper).

Results from financial transactions

The table below sets out the components of value movements recorded on the income statement for the years 2016 and 2015.

	Year ended 31 December	
	2016	**2015 (restated)**
	(€ millions)	
Changes in fair value of derivatives included in macro hedge accounting	(2,108)	(1,631)
Revaluation of financial assets and liabilities included in hedge accounting	(2,106)	1,628
Macro hedge accounting ineffectiveness	(2)	(3)
Micro hedge accounting ineffectiveness	0	0
Total hedge accounting ineffectiveness	(2)	(3)
Other changes in the fair value of restructured derivatives included in hedge accounting	(54)	(32)
Changes in the fair value of derivatives not included in hedge accounting	1	(1)
Changes in counterparty credit risk	0	(4)
Results from maturity extensions and early redemptions	25	33
Other fair value changes	7	0
Total	(25)	(7)

Results from financial transactions improved with a decrease of €18 million from a loss of €7 million in 2015 to a loss of €25 million in 2016, which primarily reflected a higher volume of loan maturity extensions at the request of clients.

The changes in the valuation of derivatives included in macro hedge accounting primarily reflected the movements in interest rates.

In 2016 and 2015, the movements in the revaluation of financial assets and liabilities included in hedge accounting (loss of €2,106 million in 2015 and loss of €1,628 million in 2015) were primarily due to movements in interest rates. The bulk of interest rate risk to which NWB Bank is exposed in relation to its financial assets or liabilities is customarily hedged through the use of financial instruments. In market value terms, value movements resulting from interest rate fluctuations are offset through the use of derivatives, although there may be significant movements in the individual assets, liabilities and derivatives from year to year as evidenced in the line items above. Where the hedge relationship is effective, hedge accounting enables NWB Bank to neutralize in principle the difference in result recognition between the hedging instrument and the hedged position.

The other changes in the fair value of restructured derivatives included in hedge accounting primarily reflected the restructuring of the derivatives portfolio on several occasions in the past, with a view to managing the interest rate risk position. The restructuring of the derivatives portfolio has a favourable effect on net interest income (lower interest expenses).

Operating expenses

Operating expenses (total operating expenses less contribution to NWB Fonds) increased to €44 million in 2016 compared to €39 million 2015, principally due to an increase in NWB Bank's bank tax and resolution levy.

As a bank, NWB Bank is subject to changes to taxes, levies or fees applicable to banks. In 2012, the Dutch bank tax was introduced. This tax exclusively affects financial institutions with a banking license and is similar to bank taxes introduced in other EU Member States following the financial crisis. The principal aim of the Dutch bank tax is to have the entire banking sector contribute towards the costs incurred by the government to support certain banks during the financial crisis and to mitigate the risk inherent in certain banking activities. The taxable amount is based on the amount of the balance sheet total at the end of the preceding financial year after applying certain reductions. The taxable amount is divided in two parts based on the ratio of short-term liabilities at the end of the previous financial year, which amounted to €25,835 million in 2016 (2015: € 22,006 million), and long-term liabilities for the previous financial year, which amounted to €64,080 million in 2016 (2015: €64,940 million). The amount of the short-term liabilities is subject to bank tax at a rate of 0.044%, and the amount of the long-term liabilities is subject to bank tax at a rate of 0.022%. The bank tax increased to approximately €19.7 million in 2016 compared to €18.5 million in 2015.

The table below sets out the components of employee benefits expense for the years 2016 and 2015.

	Year ended 31 December	
	2016	**2015**
	(€ millions)	
Wages and salaries	4.9	4.7
Pension costs	1.5	1.5
Social security costs	0.5	0.5
Other	0.8	0.9
Total	7.7	7.5

Employee benefits expenses increased by €0.2 million from €7.5 million in 2016 to €7.7 million in 2015, due to increases in wages and salaries.

Other administrative expenses increased by €1 million from €8 million in 2015 to €9 million in 2016, which mainly reflected higher management costs.

In addition to operating expenses, NWB Bank will, from time to time, make discretionary annual contributions to NWB Fonds. NWB Bank co-founded NWB Fonds with the water boards in 2006 with the aim of lending financial support to international water management and sanitation projects which the water boards undertake. In 2016 no contribution was made to NWB Fonds (2015: nil).

Profit from ordinary operations before tax

Profit from ordinary operations before tax increased from €132 million in 2015 to €149 million in 2016, an increase of €7 million, or 12.9%. The increase was primarily the result of an increase in interest income. NWB Bank's ratio of operating expenses (total operating expenses less bank tax) to net interest income was 9% in 2016 and 10% in 2015.

Tax on profit from ordinary operations

Tax on profit from ordinary operations increased from €37 million in 2015 to €42 million in 2016. This increase of €5 million, or 13.5%, was primarily the result of the increase in profit before tax in 2016 compared to 2015. The effective tax rate was 28.1%, which reflected the company income tax of 25.0% and the non-deductible expenses (€5 million) attributable to the bank tax.

Net Profit

As a result of the foregoing, net profit increased from €95 million in 2015 to €107 million in 2016, an increase of €12 million, or 12.6%.

Results of Operations for 2015 compared to 2014

Interest

Net interest income increased from €117 million in 2014 to €179.9 million in 2015, an increase of €62.9 million or approximately 54% mainly due to a €156 million decrease in total interest expense, partly offset by a €93 million decrease in total interest income. The decrease in total interest expense was primarily due to a decrease in interest expense on banks, funds entrusted and debt securities of €161 million to €711 million in 2015 compared to €873 million in 2014.

The table below sets forth the components of total interest and similar income for the years 2015 and 2014. For comparative purposes, total interest and similar income has been presented in this section, '—Results of Operations for 2015 compared to 2014', in accordance with the 2015 Financial Statements, in which interest and similar income consists of interest income on loans and receivables, interest-bearing securities, as well as commissions having an interest nature, penalty interest on early redemptions, premiums and discounts. Premiums and discounts on loans and receivables carried at amortized cost are recognized using the effective interest method, together with the relevant interest income.

	Year ended 31 December	
	2015	**2014**
	(€ millions)	
Interest and similar income on loans and receivables at amortized cost	1,732	1,819
Interest income on interest-bearing securities	27	33
Total interest income	1,759	1,852

Total interest income decreased by €93 million to €1,759 million in 2015 compared to €1,852 million in 2014. Despite an increase in new lending, interest and similar income on loans and receivables at amortized cost decreased by €87 million from €1,819 million in 2014 to €1,732 million in 2015, primarily due to the continuing low interest rate environment.

The table below sets forth the components of total interest and similar expense for the years 2015 and 2014. For comparative purposes, total interest and similar expense has been presented in this section, '—Results of Operations for 2015 compared to 2014', in accordance with the 2015 Financial Statements in which interest and similar expense consists of interest expense on liabilities, whether or not embodied in debt securities, derivatives, as well as commissions having an interest nature, penalty interest on early redemptions, premiums and discounts. Premiums and discounts on debts, whether or not embodied in debt securities, not carried at fair value are recognized using the effective interest method, together with the relevant interest expense.

	Year ended 31 December	
	2015	**2014**
	(€ millions)	
Interest expense on banks, funds entrusted and debt securities at amortized cost	711	873
Derivatives (net interest income/expense)[1]	867	862
Total interest and similar expense	1,579	1,735

(1) This item consists of net interest income/expense on derivatives as a result of the difference between the fixed pay component on interest rate swaps and the floating rate NWB Bank receives on the swap, recognized as an interest expense when the result is negative and as interest income when the result is positive.

Total interest and similar expense decreased by €156 million to €1,579 million in 2015 from €1,735 million in 2014. This decrease was primarily due to a decrease in interest expense on banks, funds entrusted and debt securities at

amortized cost of €161 million to €711 million in 2015 compared to €873 million in 2014 principally as a result of higher discounts, (*hogere afslagen*) on the commercial paper portfolio, partially offset by an increase in interest expense on derivatives of €5 million to €867 million in 2015 from €862 million in 2015, influenced by lower interest rates (with an effect on derivatives interest income and derivatives interest expense) and a restructuring of the derivatives portfolio.

Results from financial transactions

The table below sets out the components of value movements recorded on the income statement for the years 2015 and 2014. For comparative purposes, results from financial transactions has been presented in this section, '— Results of Operations for 2015 compared to 2014', in accordance with the 2015 Financial Statements, in which this item consists of unrealized and realized changes in value. Unrealized changes in value can be broken down into (i) revaluation of hedged positions recognized in profit or loss, (ii) revaluation of hedging instruments and (iii) unrealized revaluation of interest-bearing securities. Realized changes in value includes premiums and fees received and paid on settlement of derivative contracts and realized revaluation results on the sale of interest-bearing securities and commission.

	Year ended 31 December	
	2015	**2014**
	(€ millions)	
Unrealized changes in value:		
Revaluation of hedged positions recognized in profit or loss	(1,156)	5,861
Revaluation of hedging instruments[1]	1,417	(5,769)
Unrealized revaluation of interest-bearing securities	(3)	(1)
	261	91
Realized changes in value:		
Realized net result[1]	(270)	(108)
Total	(9)	(17)

(1) The realized changes in value in 2015 and 2014 are mainly related to the restructuring of derivatives.

Results from financial transactions improved with a decrease of €8 million from a loss of €17 million in 2014 to a loss of €9 million in 2015, which primarily reflected increased customer demand to optimize loan portfolios, which involved loans being repaid early and replaced by longer-term, fixed-interest loans with a lower interest rate.

Both the unrealized and realized changes in valuation movements primarily reflect the movements in interest rates and credit spreads on listed interest-bearing securities. In 2015 and 2014, the movements in unrealized changes in value (unrealized gain of €261 million in 2015 and unrealized gain of €91 million in 2014) were primarily due to movements in interest rates and a restructuring of the derivatives portfolio. The bulk of interest rate risk to which NWB Bank is exposed in relation to its financial assets or liabilities is customarily hedged through the use of financial instruments. In market value terms, value movements resulting from interest rate fluctuations are offset through the use of derivatives, although there may be significant movements in the individual assets, liabilities and derivatives from year to year as evidenced in the line items above. Where the hedge relationship is effective, hedge accounting enables NWB Bank to neutralize in principle the difference in result recognition between the hedging instrument and the hedged position.

The realized changes in fair value include premiums and fees received and paid on settlement of derivative contracts, realized revaluation results on the sale of interest-bearing securities and commission. In 2015 and 2014, the realized changes in fair value were mainly related to a restructuring of the derivatives portfolio. The other changes in value were due to new transactions, portfolio movements and yield curve changes. On the assets side of the balance sheet, the fair value of the hedged items and hedging instruments was €16,982 million in 2015 (2014:

€19,387 million) and on the liabilities side, €16,469 million in 2015 (2014: €19,135 million). The fair value of the hedged items and the hedging instruments consists of the hedge accounting valuation adjustment for the loan portfolio and market valuations for the derivatives and market exchange rate valuations for interest-bearing securities.

Operating expenses

Operating expenses (total operating expenses less contribution to NWB Fonds) increased to €39 million in 2015 compared to €31 million 2014, principally due to increased human resources and supervision costs related to NWB Bank's transition to direct ECB supervision as of November 2014.

As a bank, NWB Bank is subject to changes to taxes, levies or fees applicable to banks. In 2012, the Dutch bank tax was introduced. This tax exclusively affects financial institutions with a banking license and is similar to bank taxes introduced in other EU Member States following the financial crisis. The principal aim of the Dutch bank tax is to have the entire banking sector contribute towards the costs incurred by the government to support certain banks during the financial crisis and to mitigate the risk inherent in certain banking activities. The taxable amount is based on the amount of the balance sheet total at the end of the preceding financial year after applying certain reductions. The taxable amount is divided in two parts based on the pro rata between short-term liabilities and long-term liabilities of the taxpayer. In 2015, the amount of the short-term liabilities was subject to bank tax at a rate of 0.022%, and the amount of the long-term liabilities was subject to bank tax at a rate of 0.044%. The bank tax increased to approximately €21 million in 2015 compared to €14.6 million in 2014.

The table below sets out the components of employee benefits expense for the years 2015 and 2014.

	Year ended 31 December	
	2015	**2014**
	(€ millions)	
Wages and salaries	4.7	4.4
Pension costs	1.5	0.2
Social security costs	0.5	0.5
Other	0.9	0.7
Total	7.5	5.8

Employee benefits expenses increased by €1.7 million to €7.5 million in 2015 from €5.8 million in 2014 principally due to a one time lower cost on pensions in 2014 and due to the increase of the retirement age as well as an increase in NWB Bank's workforce and index-linked negotiated wages plus annual increments.

Other administrative expenses increased by €1 million from €7 million in 2014 to €8 million in 2015, which mainly reflected increased human resources and supervision costs related to NWB Bank's transition to direct ECB supervision as of November 2014. This increase was partly offset by lower expenses on payment services (*betalingsverkeer*).

In addition to operating expenses, NWB Bank will, from time to time, make discretionary annual contributions to NWB Fonds. NWB Bank co-founded NWB Fonds with the water boards in 2006 with the aim of lending financial support to international water management and sanitation projects which the water boards undertake. In 2015 no contribution was made to NWB Fonds (2014: €0.5 million).

Profit from ordinary operations before tax

Profit from ordinary operations before tax increased from €70 million in 2014 to €132 million in 2015, an increase of €62 million, or 89%. The increase was primarily the result of the increase in operating income of €70 million to €171 million in 2015 from €101 million in 2014, principally as a result of a decrease in interest expense and the extension by the water boards of the maturities of their loan portfolio. NWB Bank's ratio of operating expenses

(total operating expenses less bank tax) to net interest income was 10% in 2015 and 14% in 2014. This decrease is the result of the increase in net interest income and increase in operating expenses, as discussed above.

Tax on profit from ordinary operations

Tax on profit from ordinary operations increased from €21 million in 2014 to €37 million in 2015. This increase of €16 million, or 76%, was primarily the result of the increase in profit before tax in 2015 compared to 2014. The effective tax rate was 28.1%, which reflected the company income tax of 25.0% and the non-deductible expenses (€4.6 million) attributable to the bank tax.

Net Profit

As a result of the foregoing, net profit increased from €49 million in 2014 to €95 million in 2015, an increase of €45.7 million (of which €23.2 million is non-recurrent in nature), or 93%.

Selected Balance Sheet Items at 31 December 2016, 31 December 2015 and 31 December 2014

The table below summarizes selected balance sheet items of NWB Bank at 31 December 2016, 31 December 2015 and 31 December 2014:

	At 31 December		
	2016	**2015**	**2014**
		(€ millions)	
Assets			
Cash and cash equivalents	7,246	6,766	502
Banks	10,508	8,908	10,174
Loans and receivables	64,496	63,576	64,666
Interest-bearing securities	3,925	3,851	4,360
Tangible fixed assets	6	5	5
Intangible assets	2	3	3
Other assets	0	0	65
Derivative assets	8,228	8,204	7,651
Income tax	-	-	32
Prepayments and accrued income	3	1	791
Total assets	94,414	91,314	88,249
Liabilities			
Banks	2,692	2,455	1,276
Funds entrusted	6,060	5,371	5,325
Debt securities[(1)]	67,232	67,478	63,178
Income tax	22	29	-
Deferred tax liabilities	-	-	-
Other liabilities	55	53	53
Derivative liabilities	16,482	14,302	16,302
Accruals and deferred income	8	1	734
Provisions	30	24	78
Total liabilities	92,581	89,713	86,946

(1) Includes €54 billion, €52 billion and €52 billion of outstanding bonds issued under NWB Bank's various long-term debt issuance programs at 31 December 2016, 2015 and 2014, respectively.

General

NWB Bank's long-term lending volumes in 2016 were almost at the same level as long-term lending volumes in 2015.

New long-term lending to customers was €4,742 million (excluding interest rate revisions) for 2016, compared to €5,210 million and €3,574 million for 2015 and 2014, respectively. In 2016, NWB Bank's new long-term lending to housing associations, its largest client base at 54% of its total lending portfolio, was the same as in 2015 (€1.8 billion). Although housing corporations have adopted a more cautious approach to new investments as a result of the implementation of the amended Housing Act, lending volume in this sector still remains high. According to the Netherlands Authority for Housing Associations, the financial scope for housing associations is increasing and forecasts indicate that their financial scope will continue to increase in the years ahead. This is expected to have a positive effect on housing associations' investment capacity. New long-term lending to water boards (now NWB's second largest client base, with 22% of NWB Bank's total lending portfolio) decreased to €1.3 billion in 2016 (2015: €1.9 billion). NWB Bank expects that lending in this sector may increase over the coming years in light of the national flood protection program (*Hoogwaterbeschermingsprogramma*) that will be in place through 2028, which is expected to increase financing requirements. Nevertheless, NWB Bank expects that volume of financing to water boards in 2017 will be lower in 2017, given water boards' demand in the past two years to extend their existing loan portfolios. Lending to municipal authorities, which now make up 13% of NWB Bank's total lending portfolio, decreased in 2016 with new long-term lending decreasing to €0.8 billion in 2016 (2015: €0.9 billion). The healthcare sector (2% of NWB Bank's total lending portfolio) continued to experience low financing requirements, and new long-term lending in this sector slightly declined in 2016.

The demand for loans with longer maturities increased in 2016, primarily due to low interest rates. More than half of NWB Bank's loans and advances are subject to maturities averaging over 10 years. To fund its operations, the public sector requires finance with long periods. Although such long fixed-rate periods carry higher credit spreads than shorter periods, as is the case in the international capital markets, customers deliberately choose to have longer terms, including of up to 50 years, to mitigate their interest rate risks.

Assets

In 2016, NWB Bank's total assets increased by €3,100 million to €94,414 million at 31 December 2016, compared to total assets of €91,314 million at 31 December 2015, which represented an increase of €3,065 million compared to €88,249 million at 31 December 2014. The increase in total assets at 31 December 2016 was principally due to an increase in collateral obligations due to a further drop in interest rates. Loans and receivables increased by €920 million to €64,496 million at 31 December 2016 compared to €63,576 million at 31 December 2015. The increase in loans and receivables was mainly due to a higher value adjustment from hedge accounting which resulted from lower interest rates.

In 2015, NWB Bank's total assets increased by €3,065 million to €91,314 million at 31 December 2015, compared to total assets of €88,249 million at 31 December 2014, which represented an increase of €15,243 million compared to €73,006 million at 31 December 2013. The increase in total assets at 31 December 2015 was principally due to an increase of the liquidity buffer in response to the introduction of the 100% LCR requirement. Loans and receivables decreased by €1,090 million to €63,576 million at 31 December 2015 compared to €64,666 million at 31 December 2014. Only €2,430 million resulted from an increase in new lending in 2015.

Banks

This item mainly comprises collateral under collateral agreements held to secure obligations under derivative contracts owed to NWB Bank. The collateral included in this item is not at the disposal of NWB Bank.

31 December 2016 compared to 31 December 2015

Banks increased by €1,600 million to €10,508 million at 31 December 2016 from €8,908 million at 31 December 2015. This increase was directly attributable to an increase in collateral obligations due to a further drop in interest rates.

31 December 2015 compared to 31 December 2014

Banks decreased by €1,266 million to €8,908 million at 31 December 2015 from €10,174 million at 31 December 2014. This decrease was directly attributable to lower swap-related collateral obligations owed to NWB Bank of €8,908 million at 31 December 2015 relating to decreases in the market value of derivative contracts outstanding (recorded on the liabilities side of the balance sheet) in connection with declining interest rates.

Loans and receivables

This item consists of loans and receivables stated at amortized cost, other than interest-bearing securities, from customers other than banks. The receivables, which, apart from certain employee loans, are all to public-sector customers, are mostly long-term. Public-sector loans and receivables include those to or guaranteed by the Dutch government and public authorities abroad, and to government-controlled public limited liability companies and other businesses or institutions whose tasks derive from public authorities. A provision for doubtful debts is formed in the event of expected uncollectibility. In 2016, NWB Bank did not make a provision for doubtful debts (2015: nil). Given the risk profile of NWB Bank's counterparties, which is supported by the fact that NWB Bank has never suffered a loan loss in its history, a provision for uncollectibility at 31 December 2016 is not necessary.

	At 31 December		
	2016	**2015**	**2014**
		(€ millions)	
The breakdown of loans and receivables by nature of the loan or receivable is as follows:			
Loans and receivables from or under guarantee from the Dutch government[(1)]	50,369	51,550	50,700
Loans to and receivables from or under guarantee from foreign governments	–	–	–
Other loans and receivables from the public sector and others	527	492	349
Value adjustment for fair value hedge accounting[(2)]	13,602	11,536	13,618
Fair value of separated derivatives embedded in loans and receivables[(3)]	(3)	(3)	(2)
Total	64,496	63,576	64,666

(1) Includes support provided indirectly by the Dutch State through public authorities and treated as guarantees by DNB. For a description of those public authorities, see 'Nederlandse Waterschapsbank N.V. – Customers'.

(2) A value adjustment is made to the gain or loss that is attributed to the hedged interest rate risk under hedge accounting.

(3) Embedded derivatives are measured separately if they meet the following criteria: i) there is no close relationship between the economic characteristics and risks of the embedded derivative and those of the host contract, ii) the host contract is not carried at fair value through profit or loss and iii) a separate instrument having the same characteristics would be classified as a derivative.

31 December 2016 compared to 31 December 2015

Total loans and receivables increased by €920 million to €64,496 million at 31 December 2016 from €63,576 million at 31 December 2015. The 1.4% increase in total loans and receivables in 2016 compared to 31 December 2015 was primarily a result of the increase in value adjustments for fair value hedge accounting of €2,067 million to €13,603 million at 31 December 2016 from €11,536 million at 31 December 2015. The increase in value adjustments was attributable to lower interest rates.

31 December 2015 compared to 31 December 2014

Total loans and receivables decreased by €1,090 million to €63,576 million at 31 December 2015 from €64,666 million at 31 December 2014. The 1.7% decrease in total loans and receivables in 2015 compared to 31 December 2014 was primarily a result of the decrease in value adjustments for fair value hedge accounting of €2,082 million to €11,536 million at 31 December 2015 from €13,618 million at 31 December 2014. The decrease in value adjustments was attributable to the unrealized changes in value as a result of declining interest rates in 2015 compared to 2014 in accordance with hedge accounting principles.

Interest-bearing securities

This item includes loans embodied in interest-bearing securities as well as other interest-bearing securities that form part of the investment portfolio. Interest-bearing securities are intended primarily to be held for an indefinite period and may be sold to meet liquidity requirements or in response to changes in interest rates. They are initially measured at fair value. For subsequent measurement, interest-bearing securities are divided into three categories. Interest-bearing securities held to maturity are measured at amortized cost and include granted loans and receivables and purchased bonds with fixed or determinable payments that NWB Bank has a positive intention and the contractual and economic ability to hold to maturity. Other interest-bearing securities without public listing are measured at amortized cost. Other interest-bearing securities with public listing are measured at fair value. As long as the value change of an individual interest-bearing security is an unrealized positive change, it is recorded directly in equity until the time of realization. Once derecognised, the cumulative unrealised gain or loss on an individual asset recorded directly in equity is taken to profit or loss. Any cumulative unrealized decrease in value below cost is immediately taken to profit or loss. Any subsequent unrealized increase in value of the relevant interest-bearing security is taken to profit or loss to the extent that it is below amortized cost. Any subsequent increase in value above amortized cost is recorded in equity.

If interest-bearing securities are included in a fair value hedge relationship, the effective part of the hedge is recorded in profit and loss, rather than equity. Upon derecognition of financial assets, the cumulative gain or loss recorded in equity is transferred to profit or loss.

	At 31 December		
	2016	**2015**	**2014**
	(€ millions)		
The breakdown of interest-bearing securities is as follows:			
Interest-bearing securities held to maturity	2,261	2,897	3,723
Interest-bearing securities with public listing	1,290	887	628
Other interest-bearing securities without public listing	373	67	10
Total	3,925	3,851	4,361

31 December 2016 compared to 31 December 2015

Interest-bearing securities increased by €74 million to €3,925 million at 31 December 2016 from €3,851 million at 31 December 2015. The slight increase in interest-bearing securities in 2016 was primarily due to investments in interest-bearing securities.

31 December 2015 compared to 31 December 2014

Interest-bearing securities decreased by €510 million to €3,851 million at 31 December 2015 from €4,361 million at 31 December 2014. The decrease in interest-bearing securities in 2015 was primarily due to maturing interest bearing-securities.

Derivative assets

This item consists of interest rate swaps and currency swaps, caps, floors and swaptions. These products are carried at fair value, including accrued interest.

31 December 2016 compared to 31 December 2015

Derivative assets slightly increased by €24 million to €8,228 million at 31 December 2016 from €8,204 million in 2015 primarily as a result of changes in the fair value of derivatives. Fair values of interest rate swaps including accrued interest increased by €180 million for the year ended 31 December 2016 due to interest rate movements and portfolio management, while fair values of currency swaps decreased by €247 million in 2015 due to interest rate and currency exchange movements as well as portfolio management.

31 December 2015 compared to 31 December 2014

Derivative assets increased by €553 million to €8,204 million at 31 December 2015 from €7,651 million in 2014 primarily as a result of changes in the fair value of derivatives. Fair values of interest rate swaps including accrued interest decreased by €551 million for the year ended 31 December 2015 due to transactions and interest rate movements while fair values of currency swaps increased by €1,115 million in 2015 due to interest rate movements and changes in the currency exchange rates of the Euro to primarily the Unites States Dollar.

Prepayments and accrued income

This item mainly comprises prepaid amounts for costs related to the next accounting period or periods and the uninvoiced amounts to be received regarding income recognized in the current or previous accounting period or periods.

31 December 2016 compared to 31 December 2015

Prepayments and accrued income increased by €2 million from €1 million at 31 December 2015 to €3 million at 31 December 2016. The increase was mainly due to higher prepaid amounts for costs related to the next accounting period or periods.

31 December 2015 compared to 31 December 2014

Prepayments and accrued income decreased by €790 million from €791 million at 31 December 2014 to €1 million at 31 December 2015. The decrease was mainly due to the fact that with effect from 2015, the accrued interest is no longer stated under accruals and deferred income but under the balance sheet item to which the interest relates.

Liabilities

In 2016, total liabilities increased by €2,868 million to €92,581 million at 31 December 2016 compared to total liabilities of €89,713 million at 31 December 2015. In 2015, total liabilities increased by €2,767 million to €89,713 million at 31 December 2015 compared to total liabilities of €86,946 million at 31 December 2014. The increase in 2016 compared to 2015 was mainly due to an increase in derivative liabilities. The increase in 2015 compared to 2014 was mainly due to an increase in debt securities, which increased from €63,178 as at 31 December 2014 to €67,478 million as at 31 December 2015.

Banks

This item consists of liabilities, other than debt securities, due to domestic and foreign banks. These liabilities result largely from long-term loans. The collateral included in this item relates to collateral arrangements used to hedge derivatives carried at fair value.

31 December 2016 compared to 31 December 2015

Debt to banks increased by €237 million to €2,692 million at 31 December 2016 from €2,455 million at 31 December 2015. The increase was mainly due to a new loan from the European Investment Bank (€400 million).

31 December 2015 compared to 31 December 2014

Debt to banks increased by €1,179 million to €2,455 million at 31 December 2015 from €1,276 million at 31 December 2014. The increase was mainly due to an increase in collateral to €2,294 million at 31 December 2015 compared to €1,263 million at 31 December 2014 utilized by NWB Bank to secure derivative positions.

Funds entrusted

This item consists of liabilities, other than debt securities, due to parties other than banks, including NSVs and SSDs.

31 December 2016 compared to 31 December 2015

Funds entrusted increased by €689 million to €6,060 million at 31 December 2016 from €5,371 million at 31 December 2015. This increase was primarily due to new lending (€717 million).

31 December 2015 compared to 31 December 2014

Funds entrusted increased by €46 million to €5,371 million at 31 December 2015 from €5,325 million at 31 December 2014. This increase was primarily due to new lending (€360 million) partly offset by a decrease in value adjustment for fair value hedge accounting and maturing debts.

Debt securities

This item consists of negotiable interest-bearing debt instruments.

	At 31 December		
	2016	**2015**	**2014**
		(€ millions)	
The breakdown of debt securities is as follows:			
Bond loans	54,926	51,809	51,729
Short-term debt securities	10,422	13,530	8,806
Value adjustments for fair value hedge accounting	1,923	2,184	2,886
Fair value of separated derivatives embedded in debt securities	(40)	(46)	(243)
Total	67,232	67,478	63,178

31 December 2016 compared to 31 December 2015

Debt securities decreased by €246 million to €67,232 million at 31 December 2016 compared with €67,478 million at 31 December 2015. The decrease was primarily due to a decrease in short-term debt securities as a funding source.

31 December 2015 compared to 31 December 2014

Debt securities increased by €4,300 million to €67,478 million at 31 December 2015 compared with €63,178 million at 31 December 2014. The increase was primarily due to an increase in short-term debt securities as a funding source for the increased balance sheet total.

Derivative liabilities

This item consists of interest rate swaps and currency swaps, caps, floors and swaptions. These products are carried at fair value, including accrued interest.

31 December 2016 compared to 31 December 2015

Derivative liabilities increased by €2,180 million to €16,482 million at 31 December 2016 from €14,302 million at 31 December 2015. The increase in derivative liabilities was primarily due to an increase in fair values of interest rate swaps, including accrued interest of €2,179 million for the year ended 31 December 2016.

31 December 2015 compared to 31 December 2014

Derivative liabilities decreased by €2,000 million to €14,302 million at 31 December 2015 from €16,302 million at 31 December 2014. The decrease in derivative liabilities was attributable to a decrease in fair values of interest rate swaps including accrued interest of €1,997 million for the year ended 31 December 2015 due to declining interest rates.

Accruals and deferred income

This item comprises advance receipts for income attributable to the next accounting period or periods and un-invoiced amounts payable in relation to expenses attributable to the past accounting period or periods.

31 December 2016 compared to 31 December 2015

Accruals and deferred income increased by €7 million to €8 million at 31 December 2016 from €1 million at 31 December 2015 primarily due to higher amounts related to income attributable to the next period or periods and higher un-invoiced amounts payable in relation to expenses attributable to the past accounting period or periods.

31 December 2015 compared to 31 December 2014

Accruals and deferred income decreased by €733 million to €1 million at 31 December 2015 from €734 million at 31 December 2014 due to the reclassification of accrued interest to the relevant balance sheet item.

Information on Financial Assets

Analysis of financial assets according to remaining contractual term

The following table sets forth financial assets according to remaining contractual term, including all future undiscounted interest cash flows and before proposed profit appropriation.

(in millions of €)	Total	3 months or less	3 months – 1 years	1 year – 5 years	More than 5 years
Assets					
Cash and cash equivalents	7,246	7,246	–	–	–
Banks, loans and receivables	87,431	1,244	5,670	24,226	56,291
Interest-bearing securities	3,982	82	459	3,075	366
Intangible assets	2	–	–	–	2
Tangible fixed assets	6	–	–	–	6
Income tax	–	–	–	–	–
Derivative assets	–	–	–	–	–
Other assets	14,357	1,036	1,294	4,425	7,602
Prepayments and accrued income	2	2	–	–	–
Total at 31 December 2016	113,026	9,610	7,423	31,726	64,267
Total at 31 December 2015	114,859	9,770	7,856	32,019	65,214
Total at 31 December 2014	112,387	3,405	8,749	31,303	68,930

Interest rate risk analysis

An example of a gap analysis according to interest rate period at 31 December 2016 is shown below. The fair value of all instruments is presented. The derivatives include notional amounts to give a clearer picture of interest rate positions.

(in millions of €)	Total	3 months or less	3 months – 1 years	1 year – 5 years	More than 5 years
Assets					
Loans and receivables and interest-bearing securities	88,719	25,388	4,680	17,772	40,878
Fixed-interest derivative assets	60,391	9,811	9,005	22,408	19,167
Variable-interest derivative assets	(52,113)	(46,724)	(5,938)	386	163
Total assets	96,997	(11,525)	7,747	40,566	60,208
Liabilities					
Banks, funds entrusted and debt securities	77,507	16,571	9,859	25,590	25,487

(in millions of €)	Total	3 months or less	3 months – 1 years	1 year – 5 years	More than 5 years
Subordinated debt	396	1	8	38	350
Fixed-interest derivative liabilities	49,106	1,137	1,890	14,276	31,803
Variable-interest derivative liabilities	(33,251)	(28,624)	(4,646)	(4)	22
Total liabilities	93,758	(10,915)	7,111	39,900	57,662
Total assets less liabilities 2016	3,239	(610)	636	666	2,546
Total assets less liabilities 2015	2,960	(1,640)	1,241	1,281	2,078
Total assets less liabilities 2014	2,762	(2,283)	1,973	1,161	1,911

Weighted credit risk analysis

The table below provides information on the weighted credit risk (including irrevocable commitments for unpaid loans) to which NWB Bank is subject in accordance with standards prescribed by CRD IV at 31 December 2016, 2015 and 2014:

(in millions of €)	Unweighted 2016(5)	Weighted 2016(6)	Unweighted 2015(5)	Weighted 2015(6)	Unweighted 2014(5)	Weighted 2014(6)
Central governments(1)	7,528	23	7,558	–	2,046	–
Regional governments(2)	17,271	–	16,752	–	15,599	–
Institutions with delegated government duties	51,430	674	49,965	489	50,162	378
Development banks(2)	63	–	66	–	63	–
International organizations(2)	315	–	353	–	194	–
Banking counterparties(3)	14,221	560	12,358	480	10,174	292
Securities covered by collateral(4)	2,145	522	2,189	441	2,347	472
Covered bonds	328	33	50	5	–	–
Other	9	9	7	7	10	10
Total	93,311	1,821	89,298	1,421	80,595	1,152

(1) Between 0% and 50% risk weighted.

(2) 0% risk weighted.

(3) Counterparty risks and money market lending are included under the 20% and 50% risk weighted categories.

(4) Includes a portfolio of Residential Mortgage Backed Securities, most of which carry a 20% or 50% risk weighting (the senior A notes) and a small portion carries a 100% risk weighting (the lower S notes).

(5) Total nominal amount including amounts subject to risk weighting.

(6) Amounts subject to risk weighting.

The table below provides a breakdown of loans granted by NWB Bank by type of borrower:

	At 31 December		
Loans portfolio (in millions of €)	**2016**	**2015**	**2014**
Water boards	5,953	5,494	5,285
Municipal authorities	6,268	6,667	6,604
Other public authorities	291	314	337
Social housing corporations	31,005	31,632	32,301
Healthcare institutions	3,277	3,577	3,695
Other borrowers under governments guarantee	634	641	626
Joint schemes	219	218	224
Government-controlled public limited liability companies(1)	350	353	296
Public Private Placements	109	78	–

Loans portfolio (in millions of €)	At 31 December		
	2016	2015	2014
Institutions	100	42	–
Other[2]	54	53	53
	48,260	49,069	49,421

(1) Includes loans to Dutch utility companies, which carry a 100% risk-weighting.

(2) Includes loans which carry a 0%, 20%, 35%, 50% or 100% risk-weighting.

Liquidity and Capital Resources

Cash flow analysis for NWB Bank for the years ended 31 December 2016, 2015 and 2014

The following table sets out selected cash flow information for the years ended 31 December 2016, 2015 and 2014.

	At 31 December		
	2016	2015	2014
		(€ millions)	
Net cash flow used in operating/banking activities	250	2,459	(1,898)
Net cash flow used in investing activities	(41)	482	(1,982)
Net cash flow from financing activities	271	3,323	1,979
Net movement in cash and cash equivalents	480	6,264	(1,901)

Cash flow used in operating/banking activities

Net cash flow used in operating/banking activities was a cash inflow of €250 million in 2016 compared to a cash inflow of €2,459 million in 2015. The cash inflow of €250 million in 2016 compared with 2015 was primarily the result of the increase in collateral paid in 2016 compared with 2015.

Net cash flow used in operating/banking activities was a cash inflow of €2,459 million in 2015 compared to a cash outflow of €1,898 million in 2014. The cash inflow of €2,459 million in 2015 was primarily the result of changes in the cash collateral positions.

Cash flow used in investing activities

Net cash flow used in investing activities in 2016 was a cash outflow of €41 million compared to a cash inflow of €482 million in 2015. The cash outflows were principally related to investments in interest-bearing securities.

Net cash flow used in investing activities in 2015 was a cash inflow of €482 million compared to a cash outflow of €1,982 million in 2014. The cash inflows were principally related to maturing interest-bearing securities.

Cash flow from financing activities

Net cash flow from financing activities was a cash inflow of €271 million and €3,323 million in 2016 and 2015, respectively. The cash inflows in 2016 compared to 2015 reflected the significant increase in cash at the DNB in 2015 compared with a much lower increase in 2016. The net amounts raised were used to fund new lending during 2016 and the increase in liquid assets due to liquidity coverage ratio obligations. To facilitate meeting the Basel III capital requirements, NWB Bank did not pay out dividends in 2016 and issued subordinated loans for an amount of €121 million in 2016.

Net cash flow from financing activities was a cash inflow of €3,323 million and €1,979 million in 2015 and 2014, respectively. The cash inflows in 2015 reflected €4,984 million from short-term financing and a net repayment of €1,861 million with respect to NWB Bank's long-term programs. The net amounts raised were used to fund new lending during 2015 and the increase in liquid assets due to liquidity coverage ratio obligations. To facilitate

meeting the Basel III capital requirements, NWB Bank did not pay out dividends in 2015 and 2014 and issued subordinated loans for an amount of €200 million in 2015.

External sources of funding, financing and indebtedness

As in prior years, in 2016 NWB Bank maintained a good funding record with a diversified investor base and well spread tenors. Following a period of relative stability, financial markets have experienced higher volatility since the last quarter of 2014 which continued through 2015 and into 2016. In addition, credit markets experienced elevated levels of volatility during 2016, partly due to low commodity prices. In 2016, interest rates declined to historically low levels and the spreads for credit and liquidity risk that had to be paid when raising long-term funds decreased further. Further, the European markets may be negatively impacted by uncertainties surrounding the exit the United Kingdom from the European Union and the attendant exit process, and potential consequences for the EU and other Member States. During periods of volatility, NWB Bank has benefited from its low risk profile and has always been able to access the capital markets. In 2016, capital markets funding resulted in lower credit spreads in 2016 compared to the prior two years.

In 2016, NWB Bank issued €12.4 billion (2015: €9.4 billion; 2014: €13.3 billion) of long-term debt instruments (with a maturity of more than one year) for its lending and refinancing purposes. The weighted average maturity of the issues made in 2016 was 8.5 years compared to 7.8 years in 2015 and 5.1 years in 2014. The increase in NWB Bank's long-term debt funding in 2016 compared with 2015 principally reflected investors' interest in longer maturities due to historically low interest rates. In addition, in November 2014 DNB confirmed that NWB Bank qualifies as a 'promotional lender' within the framework of the liquidity coverage requirements under the CRR. As a result, in 2015 and 2016 NWB Bank's debt securities qualified as high quality liquid assets level 1. In April 2015, the ECB added NWB Bank to the list of institutions whose securities are eligible for the public sector purchase program, which is part of the ECB's QE program. The resulting higher demand for NWB Bank debt contributed to the favorable funding rates that NWB Bank was able to achieve in 2016.

NWB Bank's long-term funding is almost entirely carried out through the issuance of bonds under this Program with €60 billion (or the equivalent in other currencies) available to be issued. At 31 December 2016, €52.9 billion was issued and outstanding under this program. NWB Bank's funding policy is designed to provide flexibility to respond to investor demand. This approach seeks to strengthen relations with investors and enable NWB Bank to attract funding on competitive terms. NWB Bank issues bonds in several currencies, with the terms and conditions tailored to the needs of both institutional and private investors. In addition to the Debt Issuance Program, NWB Bank has a Kauri bond program for issuing up to AUD 5 billion denominated in Australian and New Zealand dollars. At 31 December 2016, AUD (equivalent) of €1.5 billion had been issued under this program.

NWB Bank has a €25 billion (or the equivalent in other currencies) euro-commercial paper and certificate of deposit programme. In 2016, NWB Bank issued €27.9 billion under its euro-commercial paper and certificate of deposit programme (2015: €19.6 billion; 2014: €12 billion) and US$8.7 billion (approximately €8.2 billion) under its US commercial paper program (2015: US$15.3 billion (approximately €13.4 billion)). At 31 December 2016, NWB Bank had €9.8 billion outstanding under its Euro commercial paper program (2015: €9.1 billion), and did not have any amounts outstanding under its US commercial paper program (2015: US$ 4.4 billion, approximately €4.3 billion).

Each year, NWB Bank issues a number of benchmark bonds so that NWB Bank yield curves in Euros and U.S. Dollars are and continue to be available to institutional investors. In 2016, NWB Bank completed four benchmark issues totaling €4.3 billion with amounts ranging from €1.0 billion to €1.5 billion (or equivalent). In 2015, NWB Bank completed five benchmark issues totaling €6.3 billion with amounts ranging from €1.0 billion to €2.0 billion (or equivalent). The share of benchmark bonds in 2016 is 35%.The benchmarks as a form of public funding are important in relation to recognition of NWB Banks' name in the market, but constitute a more expensive form of funding.

NWB Bank also maintains a collateral position at DNB, to further mitigate any potential liquidity risk in times of market stagnation. Virtually the entire loans and receivables portfolio of NWB Bank is accepted as collateral at

DNB. The collateral value of the portion of the loans and receivables portfolio contributed as collateral to DNB was €11.5 billion at 31 December 2016, €12.1 billion at 31 December 2015 and €12.7 billion at 31 December 2014.

The following table presents NWB Bank's long-term bonds by currency of issuance at 31 December for each of the last three years.

	At 31 December		
	2016[1]	**2015[1]**	**2014[1]**
		(millions)	
Euros	26,698	23,204	22,385
U.S. Dollars	19,331	20,019	22,926
Pounds Sterling	1,723	1,823	2,248
Australian Dollars	2,873	2,258	2,058
Swedish Krona	1,100	1,100	2,100
Swiss Francs	3,400	3,800	4,450
Japanese Yen	151,800	154,899	199,600
Other	4,309	4,934	4,818
Total (in Euros)	54,359	51,226	51,729

(1) Derived from NWB Bank's internal management information.

Analysis of financial liabilities according to remaining contractual terms to maturity

The following table sets forth financial liabilities according to remaining contractual term, including all future undiscounted interest cash flows and before proposed profit appropriation.

(in millions of €)	**Total**	**3 months or less**	**3 months – 1 years**	**1 year – 5 years**	**More than 5 years**
Liabilities					
Banks, funds entrusted and debt securities	86,835	10,225	10,276	28,329	38,005
Subordinated debt	410	1	8	38	363
Other liabilities	55	-	55	-	-
Derivative liabilities	22,684	341	993	4,057	17,293
Accruals and deferred income	8	-	8	-	-
Provisions	11	-	-	-	11
Deferred tax liabilities	19	-	-	-	19
Tax	22	-	22	-	-
Own funds	1,507	-	-	-	1,507
Total at 31 December 2016	111,551	10,567	11,362	32,424	57,198
Total at 31 December 2015	113,051	16,045	8,426	33,980	54,600
Total at 31 December 2014	110,671	7,646	15,778	34,507	52,740

Irrevocable commitments

The following table sets forth NWB Bank's irrevocable commitments at 31 December for each of the last three years:

	At 31 December		
	2016	**2015**	**2014**
		(€ millions)	
Loans granted but not yet paid	1,027	706	693
Collateral commitments	445	16	110

	At 31 December		
	2016	**2015**	**2014**
		(€ millions)	
Unused current account overdraft facilities	868	785	680
Unused financing facilities	1,523	1,010	625
Guarantees issued	2	2	2
	3,865	2,519	2,110

Capital Management

As described in more detail under *'Capital Requirements Directive*' under '*Supervision and Regulation above*', CRD IV, in implementing Basel III thorughout the EU, is intended to increase the quality and quantity of capital, requires increased capital against derivative positions and introduces a capital conservation buffer, a counter-cyclical buffer, a systemic risk buffer, a new liquidity framework (a LCR and NSFR), as well as a leverage ratio. The LCR addresses the sufficiency of high quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. The NSFR requires that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities, i.e. that long-term assets are covered with sufficient stable funding. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets (including specific off-balance sheet items).

On 23 November 2016, the European Commission announced a further package of reforms to CRD IV, the BRRD and the SRM Regulation in the form of the EU Banking Reforms, including measures to increase the resilience of EU institutions and enhance financial stability. The EU Banking Reform are wide-ranging and cover multiple areas, including a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of 'nonpreferred' senior debt, the implementation of the TLAC standard, the amendment of a number of aspects of the MREL framework to align it with the TLAC standard, and the transposition of the FRTB conclusions into EU legislation. As such, the EU Banking Reforms may affect NWB Bank (including with regard to the MREL it must maintain). The timing for the final implementation of these reforms as at the date of this Base Prospectus is unclear.

NWB Bank is subject to direct supervision by the ECB under the SSM. The ECB is the competent authority responsible for supervising compliance by NWB Bank with the prudential requirements including (among other things) (i) own funds requirements, the LCR, the NSFR, the leverage ratio and the reporting and public disclosure of information on these matters, as set out in the CRR and (ii) the requirements to have in place effective internal capital adequacy assessment. The ECB applies the rules and requirements of the CRR and the Dutch implementation of CRD IV in the DFSA to NWB Bank. Prior to assuming its supervisory role, the ECB subjected NWB Bank (and 119 other European banks) to a 'comprehensive assessment', which comprised an asset quality review investigating the quality and value of assets both on on-balance sheet and off-balance sheet credit exposures ('**AQR**'), and a forward-looking stress test based in part on the AQR. The AQR and stress test scores of NWB Bank were consistent with the high-quality risk profile pursued by NWB Bank. Even in the most stringent stress scenario, NWB Bank's Tier 1 ratio was over 54% with the minimum applied by the ECB being 5.5%.

There are three pillars of the CRD IV to which NWB Bank adheres:

Pillar 1: the minimum capital requirements for each category of risk: credit risk, market risk, operational risk and concentration risk;

Pillar 2: internal processes for risk management and setting internal capital requirements: Supervisory Review and Evaluation Process ('**SREP**') and Internal Capital Adequacy Assessment Process ('**ICAAP**'), outlier criterion and stress tests; and

Pillar 3: publication of financial headline figure requirements: market discipline and transparency.

Pillar 1

The standardized method for credit risk uses external ratings linked to certain risk weightings. NWB Bank uses the credit ratings of Moody's, Standard & Poor's and/or Fitch.

The market risk concerns risks in the trading portfolio and currency and commodity risks. NWB Bank does not keep a trading portfolio. Since 1 January 2014, the CRR contains an additional capital requirement, the CVA capital charge, which involves a capital charge for the risk arising from a change in the creditworthiness of counterparties with which NWB Bank has derivatives positions. This capital requirement complements the capital charge for the risk of counterparties remaining in default. The CVA capital charge is calculated using a standard formula based on exposure, rating and average terms of derivatives positions entered into with counterparties, among other things. NWB Bank's Tier 1 ratio decreased by 18.6% to 61.2% at 31 December 2016 (including net profit for the year), which is still in excess of the 6% minimum requirement. The decrease resulted primarily from NWB Bank's use of a more conservative calculation for the capital requirement, which NWB Bank introduced in the first quarter of 2016 and which in turn resulted in an increase in risk-weighted assets.

When calculating qualifying capital for operational risk, NWB Bank uses the standardized approach. Under this approach, 15% of the relevant indicator is taken as a benchmark for the operational risk. The relevant indicator is the three-year average of the total of the annual net interest income and the annual net non-interest income at the end of the financial year.

The Large Positions rules limit the concentration risk of a bank. NWB Bank's large positions are mainly connected to the derivatives portfolio. These positions are limited as much as possible by concluding collateral agreements and applying netting.

The table below presents a calculation of the Pillar 1 Tier 1 ratio at 31 December 2016, 2015 and 2014:

	At 31 December		
	2016	**2015**	**2014**
	(€ millions, except percentages)		
Equity excluding revaluation reserves and profit for the year	1,400[(1)]	1,304[(2)]	1,254[(3)]
Revaluation reserves	3	0	0
Intangible fixed assets	(2)	(3)	(3)
Qualifying capital (A)	1,716	1,500	1,251
Weighted credit risk	1,821	1,421	1,152
CVA capital charge	938	411	455
Weighted operational risk	220	166	173
Risk-weighted assets (B)	2,979	1,998	1,780
Tier 1 ratio (A/B)	58%	75%	70%

(1) Equity presented at 31 December 2016 excludes net profit for the year. Including net profit for the year, the Tier 1 ratio at 31 December 2016 would have been 61.2%.

(2) Equity presented at 31 December 2015 excludes net profit for the year. Including net profit for the year, the Tier 1 ratio at 31 December 2015 would have been 79.8%.

(3) Equity presented at 31 December 2014 excludes net profit for the year. Including net profit for the year, the Tier 1 ratio at 31 December 2014 would have been 73%.

In 2016, qualifying capital, which almost exclusively comprises Tier 1 capital, increased by €216 million from €1,500 million at 31 December 2015 to €1,716 million at 31 December 2016. The Tier 1 ratio decrease in 2016 compared to 2015 was principally due to NWB Bank applying a different method of calculating the CVA capital charge.

In 2016, risk-weighted assets increased by €981 million from €1,998 million at 31 December 2015 to €2,979 million at 31 December 2016, principally due to an adjustment to the calculation method for the associated CVA capital

charge regarding counterparty credit risk ('**CCR**') arising from the derivatives transactions effected by NWB Bank to hedge interest rate and currency risks. Because of the CCR capital charge calculation adjustment, the Tier 1 ratio declined from 75% at 31 December 2015 to 58% at 31 December 2016, despite NWB Bank's issuance of hybrid capital and the maximum addition of annual profits to the reserves against the background of leverage ratio requirements. Nonetheless, the Tier 1 ratio and Common Equity Tier 1 ratio continued to be well above the minimum requirements of 6% and 4.5%, respectively.

Pillar 2

The SREP is an evaluation by ECB, acting in its capacity of supervisory authority, in which it attempts to establish that a bank has its solvency management and capital adequacy, and therefore also its ICAAP, in order.

The outlier criterion sets a maximum interest rate risk that a bank may run on its equity.

Stress tests can be applied under Pillar 1 and Pillar 2. Using sensitivity analyses or scenarios, banks can gain a better understanding of their risk profiles. A best practice for stress tests does not exist yet, which means that each bank needs to develop its own practice. Stress testing forms an integral part of NWB Bank's ICAAP and Internal Liquidity Adequacy Assessment Process ("**ILAAP**"), enabling NWB Bank to assess the impact to its capital and liquidity adequacy against a range of institution-specific and market-wide individually stress tests. These stress tests are performed twice a year together with the quantitative assessment of the ICAAP Pillar 2 capital. In addition, specific stress scenarios are run at the request of the supervisory board or regulatory authorities, in particular the ECB and the EBA.

Pillar 3

Market discipline and transparency in the publication of solvency risks are important elements of the Basel rules for Pillar 3. Central to these publications is information on the solvency and the risk profile of a bank. Pillar 3 disclosure requirements are based on Pillar 1 requirements.

The ultimate aim of Basel III/CRD IV is to reduce leverage in order to bring institutions' weighted assets more in line with their Tier-1 capital. On an EU level, the leverage ratio requirements are phased in with initially a reporting period, a disclosure obligation as of 1 January 2015 and the migration to a binding harmonized requirement as part of the EU Banking Reforms (which is not expected to take effect before 2019). If Basel III is followed under CRD IV, the leverage ratio may not fall below 3%, though there is still uncertainty as to the exact percentage and scope of the leverage ratio under CRD IV. The EU rules deviate from the Basel III rules in certain aspects (e.g. in imposing an additional systemic risk buffer) and, in respect of some provisions, provide national flexibility to apply more stringent prudential requirements than those set in the EU (or Basel) framework. In this respect, the European Commission has proposed a binding leverage ratio of 3% pursuant to the EU Banking Reforms. According to the proposal, competent authorities remain responsible for monitoring leverage policies and processes of individual institutions and may impose additional measures to address risks of excessive leverage, if warranted. Prior to the announcement of the EU Banking Reforms, the Dutch government announced that it wished to implement a leverage ratio of at least 4% for significant Dutch banks, a percentage which the Dutch Minister of Finance has explicitly indicated will not apply to NWB Bank given its specific business model of lending to municipal governments and public entities. Although the EU Banking Reforms' 3% leverage ratio is expected to become applicable to NWB Bank, it does propose to provide for certain (further) adjustments to the measure of exposures that would have to be included in the leverage ratio calculation, in light of the constraints that such leverage ratio may entail for certain business models and lines of business. Such adjustments may to a certain extent become applicable to exposures of NWB Bank. Based on the modified method for calculating leverage ratios announced by the Basel Committee in January 2014, NWB Bank's leverage ratio came to 2.3% at 31 December 2016. However, on the basis of the EU Banking Reforms and the formation adjustments to the leverage ratio calculations, NWB Bank would currently expect to comply with the 3% leverage ratio requirement. The timing for the final implementation of the Banking Reforms as at the date of this Base Prospectus is unclear. Furthermore, until the EU Banking Reforms are in final form, it is uncertain how the proposals will affect NWB Bank or Noteholders.

Due to the structure of NWB Bank's balance sheet and its lending mainly to Dutch public sector borrowers with currently zero-risk weighting, NWB Bank may not be able to meet the stricter capital and liquidity requirements set under Basel III, in particular the leverage ratio, pursuant to CRD IV and, as amended or supplemented by the EU Banking Reforms. The volatility in total assets caused by changing interest rates that affect swap-related collateral obligations and require market value adjustments in most of NWB Bank's long-term lending portfolios makes it difficult to manage balance sheet ratios. NWB Bank believes this volatility would warrant an additional capital buffer on top of the required 3% in order to prevent any unintended failure to achieve the target ratio. To date NWB has managed its balance sheet and regulatory capital (its balance sheet leverage ratio at 31 December 2016 was 2.3% compared to 2.1% at 31 December 2015) on the basis that substantially all its assets carry a zero-risk weighting. When its non-risk weighted assets are included, NWB Bank could be required, depending on the applicability of the binding leverage ratio of 3% proposed as part of the EU Banking Reforms and any permitted relevant adjustments or relief in respect of calculating NWB Bank's leverage ratio, either to significantly increase its Tier-1 capital or reduce its lending to comply with such ratio. In order to increase its Tier-1 capital, in addition to retaining profits, NWB Bank has issued and may issue other capital instruments, such as hybrid debt instruments, which may carry a higher cost of funding than its existing long-term debt. In 2015 and 2016, NWB Bank raised €321 million in additional Tier 1 capital from mostly provincial authorities. In the run-up to 2018, NWB Bank's policy is geared to gradually approximating a 3% leverage ratio. Having to continue to increase Tier-1 capital and/or reduce lending could have an adverse effect on NWB Bank's business and/or results of operations. See 'Nederlandse Waterschapsbank N.V. – European Supervision and Regulation – Capital Requirements Directive'.

NWB Bank's policy is that future profits are added to the reserve to the maximum extent possible as long as the leverage ratio is below the proposed binding 3% leverage ratio. NWB Bank believes that the Basel 'one size fits all' approach results in a leverage ratio requirement that is inconsistent with business models and risk profiles of European public sector banks. The new leverage ratio may result in excessive capitalization, which is inefficient and permanently reduces shareholder returns. Maintaining a capital base that is commensurate with NWB Bank's risk profile will cause additional expenses to NWB Bank and, hence, the Dutch government. On 23 November 2016, the European Commission published draft texts on the amendments to the CRR, including a specification of the leverage ratio obligation. These texts incorporate a proportional application of the leverage ratio obligation for 'public development credit institutions'. This suggests that promotional banks such as NWB Bank would fall under that definition. However, a number of points require further clarification in this regard. The proposed specification would entail a considerable reduction of the leverage ratio requirement for NWB Bank.

Hedging Risks with Derivatives

As described in '*Hedging Policy of NWB Bank*' above, NWB Bank uses derivatives to manage its interest rate and currency risks. To limit the credit risks associated with these derivatives as much as possible NWB Bank's policy is to only enter into transactions with counterparties with a single A rating at a minimum and limits are set to minimize the total exposure from derivatives. The fair values of these derivatives can, depending on the agreements reached with counterparties, be hedged by collateral agreements (also known as CSAs) using mostly zero thresholds and exchanging collateral on a daily basis in cash. NWB Bank's policy is to conclude CSAs with all counterparties and to ensure that netting agreements apply.

During the periods under review, the creditworthiness of some financial counterparties decreased to such an extent that the positions held were reduced. Portfolio management, monitoring and collateral management were stepped up further with respect to individual derivatives portfolios for all counterparties, as well as for the total derivatives portfolio. This involves monitoring sensitivities in counterparty-specific portfolios and the option of novating a portfolio, or part thereof, to a central counterparty under central clearing in due course. From May 2016, NWB Bank transitioned to the central clearing of interest rate derivatives, which has further reduced counterparty risk. In addition, concentrations in the derivatives portfolio are assessed and adjusted in terms of interest-rate sensitivities, credit ratings and other early warning signals for all counterparties. Of the total derivatives portfolio at 31 December 2016, approximately 78% of the contracts (measured by notional amounts) were entered into with financial institutions that have at least single A ratings.

The total fair value exposure from derivatives to financial counterparties at year-end 2016 was €1,937 million, of which €1,791 million was covered by collateral pledged to NWB Bank (2015: €2,472 million and €2,294 million; 2014: €1,432 million and €1,263 million). The total fair value exposure from derivatives from financial counterparties at year-end 2016 was €10,515 million, of which €10,309 million was covered by collateral provided by NWB Bank (2015: €8,799 million and €8,795 million; 2014: €10,328 million and €10,174 million).

The tables below show the net fair values of the derivatives, i.e. including collateral received and provided.

	Positive Fair Value of Derivatives	Netting with Negative Derivatives	Cash Collateral for Loans provided	Net Position
		(€ millions)		
Assets				
Banking counterparties	7,902	(5,967)	(1,791)	144
Non-banking counterparties	326	-	-	326
Total for 2016	8,228	5,967	(1,791)	470
Total for 2015	8,204	(5,497)	(2,294)	413

	Negative Fair Value of Derivatives	Netting with Positive Derivatives	Cash Collateral for Loans Taken Out	Net Position
		(€ millions)		
Liabilities				
Banking counterparties	(16,483)	5,967	10,309	(207)
Non-banking counterparties	0	-	-	0
Total for 2016	(16,483)	5,967	10,309	(207)
Total for 2015	(14,302)	5,497	8,795	(10)

No CSAs were entered into with non-banking counterparties, which means netting does not apply to those parties.

NWB Bank's policy is to eliminate all currency risks on both loans granted and borrowings. Currency risks arise primarily in respect of funds borrowed by NWB Bank. NWB Bank borrows significant amounts in foreign currency. The resulting currency risks are fully hedged immediately by entering into cross-currency interest rate and FX swaps.

The table below shows the nominal values in millions in local currencies.

	2016			2015			2014		
CCY	**Asset**	**Liability**	**Derivatives**	**Asset**	**Liability**	**Derivatives**	**Asset**	**Liability**	**Derivatives**
AUD	–	(3,504)	3,504	–	(2,705)	2,705	–	(2,152)	2,152
CAD	–	(1,387)	1,387	–	(493)	493	–	(512)	512
CHF	–	(3,400)	3,400	–	(3,840)	3,840	–	(4,450)	4,450
GBP	–	(1,723)	1,723	–	(4,021)	4,021	–	(2,871)	2,871
HKD	–	(100)	100	–	(100)	100	–	(100)	100
		(186,800)	(186,800)		(189,899)	189,899		(234,600)	234,600
JPY	–			–			–		
NOK	–	(3,500)	3,500	–	(4,125)	4,125	–	(4,125)	4,125
NZD	–	(100)	100	–	(179)	179	–	(165)	165
SEK	–	(1,100)	1,100	–	(1,100)	(1,100)	–	(2,450)	2,450
USD	104	(29,427)	29,323	126	(31,313)	31,186	131	(32,150)	32,019
ZAR	–	116	116	–	–	–	–	–	–

The assets are recognized in the statement of financial position under Loans and receivables and Interest-bearing securities. The liabilities are recognized under the item financial liabilities stated at fair value through profit or loss.

Off Balance Sheet Arrangements and Contingent Liabilities

Off balance sheet arrangements

Other than the irrevocable commitments set forth under ' – Liquidity and Capital Resources – Irrevocable commitments', and the commitments set forth under '—Contingent liabilities' below, NWB Bank has no off balance sheet arrangements as determined for purposes of Dutch GAAP.

Contingent liabilities

This includes commitments, not included in the balance sheet, which could arise on guarantees issued (standby letters of credit) in connection with the cross-border financing of water boards and bank guarantees issued to business contacts. NWB Bank's contingent liabilities at 31 December 2016 were €60 million compared to €68 million at 31 December 2015 and €75 million at 31 December 2014.

Critical Accounting Policies and Estimates

The preparation of NWB Bank's Financial Information in accordance with Dutch GAAP requires it to make estimates and assumptions that have an impact on the application of accounting policies and the reported value of assets and liabilities and of income and expenses. The estimates and associated assumptions are based on past experience, market information and various other factors considered to be reasonable given the circumstances. The outcomes form the basis for the opinion on most of the carrying amounts of assets and liabilities which cannot be easily established from other sources. The actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions of estimates are recognized in the period in which the estimate was revised if the revision only has consequences for that period, or in the period of revision and future periods if the revision has consequences for both the reporting period and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are described in the principal accounting policies that can be found in the notes to the Financial Information under 'Significant assumptions and estimation uncertainties' which is incorporated by reference in this Base Prospectus.

BALANCE SHEET

The following table sets out the balance sheet information for the years ended 31 December 2016, 2015 and 2014.

	At 31 December		
	2016	**2015**	**2014**
	(€ millions)		
Assets			
Cash, cash equivalents and deposits at the DNB	7,246	6,766	502
Banks	10,508	8,908	10,174
Loans and receivables	64,496	63,576	64,666
Interest-bearing securities	3,925	3,851	4,360
Tangible fixed assets	6	5	5
Intangible assets	2	3	3
Income tax	–	–	32
Deferred tax assets	–	–	–
Other assets	0	0	65
Derivative assets	8,228	8,204	7,651
Prepayments and accrued income	3	1	791
Total assets	94,414	91,314	88,249
Equity and Liabilities			
Banks	2,692	2,455	1,276
Funds entrusted	6,060	5,371	5,325
Debt securities	67,232	67,478	63,178
Income tax	22	29	–
Deferred tax liabilities	-	-	-
Other liabilities	55	53	53
Derivative liabilities	16,482	14,302	16,302
Accruals and deferred income	8	1	734
Provisions	30	24	78
Total liabilities	92,581	89,713	86,946
Paid-up and called-up share capital	7	7	7
Revaluation reserves	3	0	0
Other reserves	1,390	1,297	1,247
Unappropriated profit for the year	107	95	49
Equity	1,507	1,399	1,303
Total Equity and Liabilities	94,414	91,314	88,249
Contingent liabilities	60	68	75
Irrevocable commitments	3,865	2,518	2,111

INCOME STATEMENT

The following table sets out the income statement information for the years ended 31 December 2016, 2015 and 2014.

	Year ended 31 December		
	2016	**2015 (restated)**	**2014**
	(€ millions)		
Interest and similar income[1]	1,680	1,785	1,852
Interest and similar expense[2]	1,462	1,608	1,735
Interest	218	177	117
Results from financial transactions[3]	(25)	(6)	(16)
Other operating income	–	–	–

	Year ended 31 December		
	2016	2015 (restated)	2014
		(€ millions)	
Total operating income	193	171	101
Employee benefits expense	8	8	6
Other administrative expenses	9	8	7
Contribution to Stichting NWB Fonds	0	0	1
Employee benefits expense and other administrative expenses	17	16	14
Depreciation, amortization and value adjustments of intangible and tangible fixed assets	2	2	2
Bank tax	25	21	15
Other operating expenses	–	–	–
Total operating expenses[4]	44	39	31
Profit from ordinary operations before tax	149	132	70
Tax on profit from ordinary operations	42	37	21
Net profit	107	95	49

(1) For the years ended 31 December 2016 and 2015, interest and similar income excludes amounts received from prepayments of financial instruments subject to hedge accounting and includes negative interest expense.

(2) For the years ended 31 December 2016 and 2015, interest and similar expense excludes amounts received from prepayments of financial instruments subject to hedge accounting and includes negative interest income.

(3) For the years ended 31 December 2016 and 2015, results from financial transactions includes amounts received from prepayments of financial instruments subject to hedge accounting.

(4) Including bank tax. For 2016 and 2015, total operating expenses also includes NWB Bank's payments to the SRF.

CASH FLOW STATEMENT

The following table sets out cash flow statement information for the years ended 31 December 2016, 2015 and 2014.

	Year ended 31 December		
	2016	2015	2014
		(€ millions)	
Profit before income tax	149	132	70
Adjusted for:			
Depreciation, amortization and value adjustments of intangible and tangible fixed assets	2	2	2
Unrealised change in fair value of assets and liabilities for fair value hedge accounting	(234)	(261)	(92)
Changes in:			
Bank loans and receivables not available on demand	(1,309)	2,487	(3,171)
Public-sector loans and receivables	(1,169)	(48)	794
Funds entrusted	686	(39)	1,445
Other assets and liabilities	(213)	186	(947)
Net cash flows used in operating/banking activities	250	2,459	(1,898)
Additions to interest-bearing securities	(1,362)	(1,290)	(4,438)
Sales and redemptions of interest-bearing securities	1,323	1,774	2,457
Balance	(39)	484	(1,981)
Additions to property and equipment	(1)	(1)	(1)

	Year ended 31 December		
	2016	**2015**	**2014**
Disposals	–	–	–
Balance	(1)	(1)	–
Additions to intangible assets	(1)	(1)	(1)
Net cash flows used in investing activities	(41)	482	(1,982)
Long-term debt securities issued	11,372	9,397	12,405
Redemption of long-term debt securities	(7,701)	(11,258)	(9,200)
Short-term debt securities issued	(36,078)	33,103	16,429
Redemption of short-term securities	(39,599)	(28,119)	(17,655)
Balance	271	3,323	1,979
Dividend paid	–	–	–
Net cash flows used in financing activities	271	3,323	1,979
Net cash flows	480	6,264	(1,901)
Cash and cash equivalents at 1 January	6,766	502	2,403
Cash and cash equivalents at 31 December	7,246	6,766	502

TAXATION

Taxation in the Netherlands

General

*The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as 'afgezonderd particulier vermogen' ('**APV**'), as defined in The Netherlands Income Tax Act 2001, trusts or similar arrangements, or the (deemed) settlors or beneficiaries of such APVs, trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their own tax advisers with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.*

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

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

(i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of that company or of 5% or more of the issued capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

(ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax;

(iii) holders of Notes who receive or have received the Notes as employment income, deemed employment income or receive benefits from the Notes as a remuneration or deemed remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001); and,

(iv) holders of Notes if such Notes are debt characterized as equity for Netherlands tax purposes. Please be informed that legislation stipulates that debt will be treated as equity, if the debt is created under such conditions that it in effect functions as equity. Pursuant to Dutch case law, debt will in any event function as equity if the debt (i) carries a profit dependent interest (ii) is perpetual (whereby debt with a maturity in excess of 50 years is considered to be perpetual) as such that the outstanding amount can only be claimed upon liquidation or bankruptcy of the debtor; and (iii) the debt is subordinated to all other debt. A consequence of equity treatment is withholding tax in respect of interest payments (please also refer to Condition 8 on pages 113-114 of this Base Prospectus).

This summary does not describe the consequences of any write down, cancellation, exchange or conversion of the Notes.

Withholding tax

All payments of principal or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on income and capital gains

Netherlands Resident Entities

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

Netherlands Resident Individuals

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

(i) the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in The Netherlands Income Tax Act 2001); or

(ii) the holder of the Notes is considered to perform activities with respect to the Notes that go beyond ordinary, active asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of the Notes, such holder will be taxed annually on a deemed, variable return (with a maximum of, currently, 5.39%) of his/her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year is the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. A tax free allowance (*heffingvrij vermogen*) may be available. Actual income, gains or losses in respect of the Notes are as such not subject to Netherlands individual income tax.

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

Non-residents of the Netherlands

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

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

permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and

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

Gift and inheritance taxes

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by or on behalf of, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his/her death. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

Non-residents of the Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of Notes by way of gift by or on behalf of, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless the transfer is construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

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

Value Added Tax (VAT)

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

Other taxes and duties

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

United States Federal Income Taxation

General

The following is a discussion of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes issued in registered form by the U.S. Holders described below. This disclosure does not address Notes issued in bearer form, which generally may not be offered or sold in the United States or to U.S. persons (as defined for U.S. federal income tax purposes). Unless an exemption applies, a U.S. person who acquires a Bearer Note generally will be subject to adverse U.S. federal income tax consequences. This discussion only applies to Notes that are purchased by a U.S. Holder described below in their initial offering at the 'issue price', which generally will equal at the first price at which a substantial amount of the Notes of the relevant series is sold to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) for money, and where such U.S. Holder holds the Notes as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances including alternative minimum and Medicare contribution tax consequences, nor does it describe all of the tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- regulated investment companies;
- insurance companies;
- real estate investment trusts;
- dealers in securities or foreign currencies;
- traders in securities that elect to use a mark-to-market method of tax accounting;
- persons holding Notes as part of a hedging transaction, straddle, conversion or other integrated transaction;
- persons whose functional currency is not the U.S. Dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- persons carrying on a trade or business in the Netherlands or holding the Notes in connection with a trade or business conducted outside the United States.

If a partnership holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships and their partners should consult their own tax advisers regarding the U.S. federal income tax consequences of an investment in the Notes.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended to the date hereof, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, changes to any of which subsequent to the date of this Base Prospectus may affect the tax consequences described herein (possibly with retroactive effect). Persons considering the purchase of Notes are urged to consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This discussion applies only to Notes that are classified as indebtedness for U.S. federal income tax purposes. This discussion does not apply to every type of Note that may be issued under the Program, including certain Floating Rate Notes, Dual Currency Notes, FX Linked Interest Notes, Notes with maturities of more than 30 years and any other Notes that are subject to U.S. federal income tax consequences that are different from those described below. Additional or alternative material U.S. federal income tax consequences of such Notes may be addressed in a new base prospectus or drawdown prospectus, as applicable.

As used herein, the term '**U.S. Holder**' means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Stated Interest. Stated interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, provided that the interest is qualified stated interest (as defined below). Any amounts of tax withheld with respect to interest paid on the Notes and, without duplication, additional amounts paid with respect thereto will be

treated as ordinary interest income. Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant to a U.S. Holder in calculating the U.S. Holder's foreign tax credit limitation. The rules governing foreign tax credits are complex and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes, if any, in their particular circumstances. Special rules governing the treatment of interest paid with respect to Original Issue Discount Notes, including certain Variable Rate Notes and Foreign Currency Notes each as defined below are described under '—Original Issue Discount and Variable Rate Notes' and '—Foreign Currency Notes' below.

Original Issue Discount and Variable Rate Notes. A Note that is issued at an issue price less than its 'stated redemption price at maturity' will be considered to have been issued at an original issue discount for U.S. federal income tax purposes (and will be referred to in this section as an '**Original Issue Discount Note**') unless the Note satisfies a *de minimis* threshold (as described below) or is a Short-Term Note (as defined below). The 'stated redemption price at maturity' of a Note will equal the sum of all payments required under the Note other than payments of 'qualified stated interest'. 'Qualified stated interest' is stated interest unconditionally payable as a series of payments in cash or property (other than in debt instruments of the Issuer) at least annually during the entire term of the Note and equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest or, subject to certain conditions, based on one or more floating rates or indices.

All stated interest on a Variable Rate Note (as defined below) will constitute qualified stated interest if it provides for stated interest at either a single 'qualified floating rate' or a single 'objective rate' (as described below) throughout the term of the Note that is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually. Therefore, such a Variable Rate Note will not be treated as having been issued with original issue discount unless it is issued at a 'true' discount (i.e., at a price below the Note's stated principal amount in excess of a specified *de minimis* amount). In general, a '**Variable Rate Note**' is a Note that provides for one or more qualified floating rates of interest, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate (as such terms are defined in applicable Treasury regulations), provided that the issue price of the Note does not exceed the total noncontingent principal payments due under the Note by more than an amount equal to the lesser of (x) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date or (y) 15% of the total noncontingent principal payments.

A 'qualified floating rate' is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Rate Note is denominated. An interest rate that is based on the product of a qualified floating rate and a fixed multiple or that subjects a qualified floating rate to a cap, floor, governor or similar restriction, may also be treated as a qualified floating rate if certain conditions are satisfied. An 'objective rate' is generally a rate that is determined using a single fixed formula and that is based on objective financial or economic information. A "qualified inverse floating rate" is an objective rate that is equal to a fixed rate minus a qualified floating rate if variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding for those purposes any cap, floor, governor or similar restriction). If a Variable Rate Note provides for two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. If interest on a debt instrument is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. Two or more qualified floating rates or a fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding two sentences if the values of the applicable rates on the issue date are within 1/4 of one percentage point of each other. If a Variable Rate Note that provides (or is treated as providing) for interest at a single qualified floating rate or a single objective rate is issued with a "true" discount, (*i.e.*, at a price below the Note's stated principal amount), and the discount is equal to or in excess of the specified *de minimis* amount described below, such discount must be allocated to a U.S. Holder's accrual periods using the constant-yield method described below by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of

the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Note.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., 1/4 of one per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity, then the Note will not be considered to have original issue discount.

A U.S. Holder of an Original Issue Discount Note will be required to include any qualified stated interest payments in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes and will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest. Under this method, U.S. Holders of Original Issue Discount Notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Under applicable Treasury regulations, if the Issuer or the holder has an unconditional option to redeem a Note prior to its stated maturity date and certain other conditions are met, this option will be presumed to be exercised if, by utilizing any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, in the case of the Issuer's option, the yield on the Note would be lower than its yield to the stated maturity date or, in the case of the holder's option, the yield on the Note would be higher than its yield to the stated maturity date. If this option is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date. The adjusted issue price of a Note is generally the issue price of the Note, increased by the amount of original issue discount previously includible in gross income and decreased by the amount of any payment previously made, other than a payment of qualified stated interest.

A U.S. Holder may make an election to include in gross income all interest that accrues on any Note (including stated interest, original issue discount or *de minimis* original issue discount, as adjusted by any amortizable bond premium) in accordance with a constant-yield method based on the compounding of interest (a '**constant-yield election**').

A Note that matures one year or less from its date of issuance (taking into account the last possible date that the Note could be outstanding in accordance with its terms, including any rights to extend or rollover) (a '**Short-Term Note**') will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest. In general, a cash-method U.S. Holder of a Short-Term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so (but will be required to include in income any interest paid to such U.S. Holder). U.S. Holders who so elect and certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant-yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realized on the sale, exchange or retirement of the Short-Term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant-yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, such U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry Short-Term Notes in an amount not exceeding the accrued discount that has not been included in income.

Prior Accrued Interest on Additional Notes. Under the terms of the Notes, if the Issuer issues additional Notes with the same CUSIP, ISIN, Common Code or other identifying number of outstanding Notes ('**Additional Notes**'), the Additional Notes and outstanding Notes must be fungible for U.S. federal income tax purposes. U.S. Holders that purchase Additional Notes from the Issuer upon their issuance may elect to exclude from income the portion of the interest paid on the first interest date on Additional Notes that relates to the period from the preceding interest payment date on the outstanding Notes to the issue date of the additional Notes ('**prior accrued interest'**). Prior accrued interest not included in income will not form part of any amortizable bond premium (as described below

under '—Amortizable Bond Premium'). A U.S. Holder's tax basis in an Additional Note will generally equal the cost of such Note to the U.S. Holder, reduced by any prior accrued interest excluded from income.

Contingent Payment Debt Instruments. Special rules govern the tax treatment of debt obligations that are treated under applicable Treasury regulations as providing for contingent payments ('**Contingent Payment Debt Instruments**'). These rules generally require accrual of interest income on a constant-yield basis at an assumed yield determined at the time of issuance of the obligation. Adjustments will be required to these accruals when any contingent payments are made that differ from the payments calculated based on the assumed yield. Generally, any gain on the sale, exchange, retirement or other disposition of a Contingent Payment Debt Instrument will be ordinary income. The U.S. federal income tax treatment of any Notes that are treated as Contingent Payment Debt Instruments will be more fully described in a prospectus supplement, a new base prospectus or a drawdown prospectus, as applicable.

Amortizable Bond Premium. If a U.S. Holder purchases a Note for an amount that is greater than the sum of all amounts payable on the Note other than qualified stated interest, the U.S. Holder will be considered to have purchased the Note with amortizable bond premium equal to this excess. The U.S. Holder may elect to amortize this premium, using a constant-yield method, over the remaining term of the Note. Special rules may limit the amount of bond premium that can be amortized during certain accrual periods in the case of Notes that are subject to optional early redemption. A U.S. Holder may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in the U.S. Holder's income with respect to the Note in that accrual period. A U.S. Holder who elects to amortize bond premium must reduce its tax basis in the Note by the amount of the premium amortized in any year. An election to amortize bond premium applies to all taxable debt obligations held by the U.S. Holder on or after the first day of the taxable year in which the election is made and may be revoked only with the consent of the Internal Revenue Service.

If a U.S. Holder makes a constant-yield election (as described under '—Original Issue Discount and Variable Rate Notes' above) for a Note with amortizable bond premium, such election will result in a deemed election to amortize bond premium for all of the U.S. Holder's debt instruments with amortizable bond premium and may be revoked only with the permission of the Internal Revenue Service with respect to debt instruments held or acquired after the election.

Sale, Exchange or Retirement of the Notes. Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's adjusted tax basis in the Note. Gain or loss, if any, will generally be U.S. source for purposes of computing a U.S. Holder's foreign tax credit limitation. For these purposes, the amount realized does not include any amount attributable to accrued stated interest, which will be treated as interest as described under '—Stated Interest' above. A U.S. Holder's adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in the Note increased by any original issue discount included in income and decreased by any bond premium previously amortized and principal payments or payments other than qualified stated interest previously received, and in the case of Additional Notes further decreased by any prior accrued interest that was excluded from income as described in '—Prior Accrued Interest on Additional Notes' above.

Except as described below, gain or loss realized on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held for more than one year. An exception to this general rule applies in the case of a Short-Term Note to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See '—Original Issue Discount and Variable Rate Notes' above. In addition, other exceptions to this general rule apply in the case of certain Foreign Currency Notes (as defined below) and Contingent Payment Debt Instruments. See '—Foreign Currency Notes' below and '—Contingent Payment Debt Instruments' above.

Foreign Currency Notes. The rules applicable to Notes denominated in (or the payments on which are determined by reference) to a currency other than U.S. Dollars ('**Foreign Currency Notes**') could require some or all of the gain or loss on the sale, exchange or other disposition of a Foreign Currency Note to be recharacterized as ordinary income or loss. The rules applicable to Foreign Currency Notes are complex and their application may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under

these rules, and whether a U.S. Holder should make any of these elections depends on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of Foreign Currency Notes.

A U.S. Holder who uses the cash method of tax accounting and who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or other disposition attributable to accrued stated interest) in a foreign currency with respect to a Foreign Currency Note will be required to include in income the U.S. Dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted into U.S. Dollars at that time, and this U.S. Dollar value will be the U.S. Holder's tax basis in the foreign currency received.

An accrual-method U.S. Holder will be required to include in income the U.S. Dollar value of the amount of interest income (including original issue discount and reduced by amortizable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Foreign Currency Note during an accrual period. The U.S. Dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. Alternatively, an accrual-method U.S. Holder may elect to translate interest income (including original issue discount) into U.S. Dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the Internal Revenue Service.

The U.S. Holder may recognize ordinary U.S. source income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition attributable to accrued interest is actually received. The amount of ordinary income or loss recognized will equal the difference between the U.S. Dollar value of the foreign currency payment received (determined based on a spot rate on the date the payment is received) in respect of the accrual period and the U.S. Dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of cash-method U.S. Holders who are required to currently accrue original issue discount on a Foreign Currency Note.

Original issue discount and amortizable bond premium on a Foreign Currency Note are to be determined in the relevant foreign currency.

If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Gain or loss attributable to fluctuations in exchange rates will be realized on amortized bond premium with respect to any period by treating the bond premium amortized in the period in the same manner as it would have been treated on the sale, exchange or retirement of the Foreign Currency Note. Any such exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any bond premium will be taken into account in determining the overall gain or loss on the Notes and any loss realized on the sale, exchange or retirement of a Foreign Currency Note with amortizable bond premium by a U.S. Holder who has not elected to amortize the premium will be a capital loss to the extent of the bond premium, subject to the discussion of foreign currency loss below.

A U.S. Holder's tax basis in a Foreign Currency Note, and the amount of any subsequent adjustment to the U.S. Holder's tax basis (including adjustments for original issue discount included as income and any bond premium previously amortized or principal payments received), will be the U.S. Dollar value of the foreign currency amount paid for such Foreign Currency Note, and of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. The amount realized on a sale, exchange or retirement of a Foreign Currency Note will generally be the U.S. Dollar value of the foreign currency received (except to the extent attributable to accrued interest), determined on the date of the sale, exchange or retirement. However, if a Foreign Currency Note is traded on an "established securities market"and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the U.S. dollar value of the foreign currency amount paid for such Note and the amount realized on the disposition of such Note will be the determined based on the spot rate on the settlement date of the purchase or

disposition, An accrual-method U.S. Holder making the election described in the preceding sentence must apply such election consistently to all debt instruments denominated in foreign currency which are traded on "established securities markets" and cannot change it without the consent of the Internal Revenue Service.

Gain or loss realized upon the sale, exchange or retirement of a Foreign Currency Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. Dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of (or if the Note is traded on an "established securities market", on the settlement date if the U.S. Holder is a cash basis taxpayer or an accrual basis taxpayer making the election described in the preceding paragraph); and (ii) the U.S. Dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued qualified stated interest will be treated in accordance with the rules applicable to payments of interest on Foreign Currency Notes described above. The foreign currency gain or loss with respect to the sale or other taxable disposition (including with respect to payments attributable to accrued interest received on the sale or other taxable disposition) will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange or retirement of the Foreign Currency Note. The foreign currency gain or loss for U.S. Holders will be U.S. source. Any gain or loss realized by a U.S. Holder in excess of the foreign currency gain or loss will be capital gain or loss (except in the case of a Short-Term Note, to the extent of any discount not previously included in the U.S. Holder's income).

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Foreign Currency Note equal to the U.S. Dollar value of the foreign currency, determined at the time of sale, exchange or retirement (or if the Note is traded on an "established securities market", on the settlement date of the sale, exchange or retirement if the U.S. Holder is a cash basis taxpayer or an electing accrual-method taxpayer). Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. Dollars or its use to purchase Foreign Currency Notes) will be ordinary income or loss.

A U.S. Holder may be required to file a reportable transaction disclosure statement with the U.S. Holder's U.S. federal income tax return, if such U.S. Holder realizes a loss on the sale or other disposition of a Foreign Currency Note and such loss is greater than applicable threshold amounts, which differ depending on the status of the U.S. Holder. A U.S. Holder that claims a deduction with respect to a Foreign Currency Note should consult its own tax adviser regarding the need to file a reportable transaction disclosure statement.

Backup Withholding and Information Reporting. Information returns may be filed with the Internal Revenue Service in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain individual U.S. Holders (and certain U.S. entities closely-held by individuals) may be required to report to the Internal Revenue Service certain information relating to their beneficial ownership of Notes not held through U.S. financial institutions. U.S. Holders who fail to report the required information could be subject to substantial penalties.

Taxation in Luxembourg

The comments below are intended as a basic summary of certain withholding tax consequences in relation to the purchase, ownership and disposition of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain resident individual Noteholders, there is no Luxembourg withholding tax on payments of at arms' length interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments

made to certain resident individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

However, according to the Luxembourg law of 23 December 2005 as amended (the "**Law**"), payment of interest or similar income (within the meaning of the Law) on debt instruments made or deemed made by a paying agent (within the meaning of the Law) established in Luxembourg to or for the benefit of an individual Luxembourg resident for tax purposes who is the beneficial owner of such payment may be subject to a final tax at a rate of 20%. Such final tax will be in full discharge of income tax if the individual beneficial owner acts in the course of the management of his/her private wealth. Responsibility for the withholding and payment of the tax lies with the Luxembourg paying agent.

An individual beneficial owner of interest or similar income (within the meaning of the Law) who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt for a final tax of 20% when he receives or is deemed to receive such interest or similar income from a paying agent established in another EU Member State, in a Member State of the EEA which is not an EU Member State. Responsibility for the declaration and the payment of the 20% final tax is assumed by the individual resident beneficial owner of interest.

Taxation in France

The following is an overview addressing only the French compulsory withholding tax treatment of income arising from the Notes. This overview is (i) based on the laws and regulations in full force and effect in France as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the assumption that the Issuer is not a French resident for French tax purposes (whether actually or constructively) and the Notes (and any transaction in relation to the Notes) are not attributed or attributable to a French branch, permanent establishment or place of business of the Issuer for French tax purposes. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors are therefore advised to consult their own qualified advisers so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Notes.

Withholding tax

All payments by the Issuer in respect of the Notes will be made free of any compulsory withholding or deduction for or on account of any income tax imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein, except that subject to certain exceptions, interest and other similar revenues paid by paying agents established in France and received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at a global rate of 15.5 per cent on such interest and other similar revenues paid by paying agents (*établissements payeurs*) established in France to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

Taxation in Germany

The overview below is a basic summary of certain German withholding tax consequences in relation to the Notes and is included herein solely for information purposes and does not purport to be a comprehensive description of the entire German withholding tax regime. Persons who are in any doubt as to their tax position should consult a professional tax adviser. The overview is based on the laws, regulations and administrative and judicial interpretations presently in force in Germany which may be subject to change in the future, potentially with retroactive or retrospective effect. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to German tax law and/or concepts only.

On the date of this Base Prospectus, there is in the Federal Republic of Germany no statutory obligation for the Issuer to withhold or deduct any German withholding tax at source from payments of interest and repayments of capital on the Notes as well as gains from the disposal, redemption, repayment or assignment of the Notes, unless the Issuer qualifies as a German Disbursing Agent (as defined below) with respect to the Notes.

If the Notes are kept or administered in a securities deposit account with a German branch of a German or non-German credit institution (*Kreditinstitut*) or financial services institution (*Finanzdienstleistunginstitut*), a German securities trading company (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (each a 'German Disbursing Agent') and the German Disbursing Agent pays out or credits the investment income, the German Disbursing Agent will generally withhold a withholding tax (Kapitalertragsteuer) of 25 per cent. plus a solidarity surcharge of 5.5 per cent. thereon (resulting in a total withholding tax charge of 26.375 per cent.) from payments of interest and from gains from the disposal, redemption, repayment or assignment of Notes. Furthermore, church tax may also be withheld if the individual investor is a member of a church collecting such a tax.

Where Notes are not kept or administered in a securities deposit account with a German Disbursing Agent and interest or proceeds from the disposal, redemption, repayment or assignment of Notes issued in definitive form are paid by a German Disbursing Agent upon physical delivery of the Notes or interest coupons (over-the-counter transactions (Tafelgeschäft)), withholding tax will generally also apply. In this case, 30% of the proceeds from the disposal, redemption, repayment or assignment of Notes will be treated as capital gain. Moreover, also non-residents will be subject to German withholding tax when collecting interest or proceeds from the disposal, redemption, repayment or assignment of Notes in an over-the-counter transaction from a German Disbursing Agent but they may be able to subsequently reclaim the German tax withheld in whole or in part.

Taxation in the United Kingdom

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law as applied in England and Wales and published HM Revenue and Customs ('**HMRC**') practice (which may not be binding on HMRC) relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes and to certain information-gathering powers. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes and is not intended to be exhaustive. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders should seek their own professional advice based on their individual circumstances.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax, provided such interest is not treated as arising in the United Kingdom for the purposes of section 874 of the United Kingdom Income Tax Act 2007. It is currently expected that payments of interest on the Notes should not be treated as arising in the United Kingdom for these purposes.

HMRC have powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other countries.

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 transactions relating to the Notes (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 transactions relating to the Notes where at least one party is a financial institution (as defined), and at least one party is established in a participating Member State. A financial institution may 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 the subject of the transaction is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Given the lack of certainty surrounding the proposals and their implementation, it is not possible to predict what effect the proposed FTT might have on the business of the Issuer; it could materially adversely affect the business of the Issuer. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

BENEFIT PLAN INVESTOR CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ('**ERISA**'), and Section 4975 of the U.S. Internal Revenue Code of 1986, (the '**Code**'), impose certain requirements on (a) employee benefit plans (as defined in Section 3(3) of ERISA) subject to Title I of ERISA (as described in Section 4(a) of ERISA), (b) individual retirement accounts, Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include '**plan assets**' (as defined in Section 3(42) of ERISA) by reason of any such plan or arrangement's investment therein (we refer to the foregoing collectively as '**Plans**') and (d) persons who are fiduciaries with respect to Plans. In addition, governmental (as defined in Section 3(32) of ERISA), certain church (as defined in Section 3(33) of ERISA) and non-U.S. plans (as defined in Section 4(b)(4) of ERISA) (collectively, '**Non-ERISA Arrangements**') are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to other U.S. federal, state, local or non-U.S. laws that are substantially similar to those provisions (each, a '**Similar Law**').

In addition to ERISA's general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, *i.e.*, 'parties in interest' (as defined in Section 3(14) of ERISA) or 'disqualified persons' as defined in Section 4975 of the Code (we refer to the foregoing collectively as 'parties in interest') unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. The Issuer, any dealer and any of their current and future affiliates, including the calculation agent, may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the Notes should also consider whether such an investment might constitute or give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code. For example, the Notes may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between the Issuer and an investing Plan which would be prohibited if the Issuer is a party in interest with respect to the Plan unless exemptive relief were available.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the Notes, should consider the relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption ('**IPAM**') (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption ('**QPAM**') (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan neither pays more nor receives less than adequate consideration in connection with the transaction (the so-called 'service provider exemption'). The Issuer and the Dealer make no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Each purchaser or holder of a Note, and each fiduciary who causes any entity to purchase or hold a Note, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such Note, that either (i) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding the Note on behalf of or with the assets of any Plan or Non-ERISA Arrangement; or (ii) its acquisition, holding and subsequent disposition of such Note shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any provision of Similar Law.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the Notes. Each purchaser of the Notes will have exclusive responsibility for ensuring that its purchase, holding and subsequent deposition of the Notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. Nothing herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

PLAN OF DISTRIBUTION

Under the Program, Notes may be issued from time to time by the Issuer to any one or more of the Dealers. The Dealers have, in an amended and restated program agreement dated 28 April 2017 (as further amended and/or supplemented and/or restated from time to time, the '**Program Agreement**'), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated in 'Form of the Notes' and 'Terms and Conditions of the Notes'. In the Program Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the redocumentation of the Program and the issue of Notes under the Program. The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplemental base prospectus, a new base prospectus or a drawdown prospectus, as appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes and which will be subject to the prior approval of the AFM.

Conflicts

Certain of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with, and may perform services for, the Issuer or its affiliates. They have received, or may in future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Program, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer. Certain of the Dealers or their affiliates may have a lending relationship with the Issuer and may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

General

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. Accordingly, the Notes are being offered, sold or delivered only: (a) outside the United States in offshore transactions in reliance on Regulation S; and (b) in the United States only to QIBs in connection with resales by the Dealers in reliance on and in compliance with Rule 144A.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that, except as permitted by the Program Agreement, it will not offer, sell or deliver such Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the relevant Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the relevant Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate nominal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S. $200,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are 'restricted securities' within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by it, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as 'restricted securities' within the meaning of Rule 144(a)(3) under the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

The Notes in bearer form will be issued in accordance with the provisions of U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) or, any successor rules in substantially the same form as such rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the '**TEFRA D Rules**'), unless the applicable Final Terms specify (i) that the Notes will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(C) or, any successor rules in substantially the same form as such rules for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the '**TEFRA C Rules**') or (ii) in the case of Notes with a term of one year or less taking into account any unilateral right to extend or rollover, that TEFRA is not applicable.

In respect of Notes in bearer form issued or to be issued in accordance with the TEFRA D Rules, each Dealer has represented and agreed (and each further Dealer appointed under the Program will be required to represent and agree) that:

(a) except to the extent permitted under the TEFRA D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and (ii) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;

(b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

(c) if such Dealer is a United States person, it represents that it is acquiring the Notes for purposes of resale in connection with their original issuance and, if such Dealer retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(6) or any successor provision for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended;

(d) with respect to each affiliate (if any) that acquires from such Dealer Notes for the purposes of offering or selling such Notes during the restricted period, such Dealer either (i) hereby represents and agrees on behalf of such affiliate (if any) to the effect set forth in sub-paragraphs (a), (b) and (c) of this paragraph or (ii) agrees that it will obtain from such affiliate (if any) for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c) of this paragraph; and

(e) such Dealer will obtain for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b), (c) and (d) of this paragraph from any person other than its affiliate with whom it enters into a written contract, as defined in U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(4) or any successor provision for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended, for the offer and sale of Notes during the restricted period.

Terms used in the above paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, including the TEFRA D Rules.

Permanent and Definitive Notes issued pursuant to the TEFRA D Rules and any receipts or coupons appertaining thereto will bear the following legend:

> ‘ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.’

Where the TEFRA C Rules are specified in the applicable Final Terms as being applicable in relation to any issue of Notes in bearer form, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Accordingly, each Dealer has represented and agreed (and each additional Dealer appointed under the Program will be required to represent and agree) in respect of such Notes that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any such Notes within the United States or its possessions in connection with the original issuance. Further, each Dealer has represented and agreed (and each further Dealer appointed under the Program will be required to represent and agree) in connection with the original issuance of such Notes, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such purchaser is within the United States or its possessions and will not otherwise involve the U.S. office of such Dealer in the offer and sale of Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, including the TEFRA C Rules.

Each Dealer has agreed, and each further Dealer appointed under the Program will be required to agree, that it has not entered and will not enter into any contractual arrangements with respect to the distribution or delivery of Notes except with its affiliates (if any) or with the prior written consent of the Issuer.

Prohibition of Sales to EEA Retail Investors

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

(a) the expression 'retail investor' means a person who is one (or more) of the following:
   (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, '**MiFID II**'); or
   (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the '**Insurance Mediation Directive**'), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
   (iii) not a qualified investor as defined in Prospectus Directive (as defined below); and

(b) the expression an 'offer' includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes specifies 'Prohibition of Sales to EEA Retail Investors' as 'Not Applicable', in relation to each Relevant Member State, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the Relevant Implementation Date it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression '**an offer of Notes to the public**' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression '**Prospectus Directive**' means Directive 2003/71/EC as amended (including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

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

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the '**FSMA**') by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the '**Financial Instruments and Exchange Act**'). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree that, it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that unless the applicable Final Terms specify that this provision does not apply because the standard exemption wording required by Article 5:20(5) of the Netherlands Act on Financial Supervision (*Wet op het financieel toezicht*) is not applicable, it will not make an offer of Notes to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Prospectus Directive or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Netherlands Act on Financial Supervision (*Wet op het financieel toezicht*), provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each Dealer has represented and agreed that Zero Coupon Notes (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam with due observance of the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of (a) the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) the issue and trading of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero

Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of their initial distribution or immediately thereafter. In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. For purposes of this paragraph '**Zero Coupon Notes**' means Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, Notes to the public in France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Base Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals – all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D.411-1 of the French *Code monétaire et financier*.

TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Regulation S Notes

Each purchaser of Bearer Notes or Registered Notes offered and sold outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes;

a. it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and

b. it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) it understands that such Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:

a. in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

b. to the Issuer; or in the case of Registered Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or the account of one or more QIBs;

in each case in accordance with any applicable securities laws of any state of the United States; and

(iii) it understands that the Issuer, the Registrars, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer.

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in a Regulation S Global Note may be transferred to a person who wishes to hold such Notes in the form of an interest in a Rule 144A Global Note only (a) upon receipt by the relevant Registrar of a written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A or (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States and, in each case, in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Registered Global Note, as described below.

Notes represented by an interest in Legended Notes may also be transferred to a person who wishes to hold such Notes in the form of an interest in a Regulation S Global Note, but only upon receipt by the relevant Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made on or prior to the fortieth day after the relevant issue date, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg.

Any interest in a Note represented by a Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Rule 144A Global Note will, upon transfer, cease to be an interest in a Note represented by a Regulation S Global Note and become an interest in a Note represented by a Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Rule 144A Global Note.

Rule 144A Notes

Each purchaser of Notes that is a U.S. person or within the United States, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Issuer or any of its affiliates, in each case in accordance with any applicable securities laws of any state of the United States and (2) it will, and each subsequent holder of the Registered Notes offered and sold in the United States is required to, notify any purchaser of such Notes from it of the resale restrictions applicable to such Notes;

(iii) either (A) it is not, it is not acting on behalf of, and for so long as it holds a Note (or any interest therein), it will not be (i) an 'employee benefit plan' that is subject to Title I of ERISA, (ii) an individual retirement account or other arrangement subject to Section 4975 of the Code, (iii) an entity whose underlying assets include plan assets by reason of any such plan or arrangement's investment therein or (iv) a governmental, church or non-U.S. plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ('**Similar Law**'), or (B) its acquisition, holding and subsequent disposition of a Note will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any Similar Law;

(iv) the purchaser understands that the Notes in registered form other than the Regulation S Global Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

'THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE '**SECURITIES ACT**'), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF THE NOTES REPRESENTED HEREBY, THE HOLDER (A) REPRESENTS THAT IT IS A 'QUALIFIED INSTITUTIONAL BUYER' (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTES REPRESENTED HEREBY EXCEPT IN ACCORDANCE

WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE ISSUE DATE (OR THE DATE ON WHICH FULL CONSIDERATION HAS BEEN PAID FOR PARTLY PAID NOTES) AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH NOTES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTES REPRESENTED HEREBY ARE TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS NOTE CERTIFICATE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF BUT UPON NOTICE TO, THE HOLDERS OF THE NOTES REPRESENTED HERBY SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THE NOTES REPRESENTED HEREBY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THE NOTES REPRESENTED HEREBY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THE NOTES REPRESENTED HEREBY AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFORE, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

BY ITS PURCHASE AND HOLDING OF THE NOTES REPRESENTED HEREBY (OR ANY INTEREST THEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED EITHER THAT (A) IT IS NOT, IT IS NOT ACTING ON BEHALF OF, AND FOR SO LONG AS IT HOLDS THE NOTES REPRESENTED HEREBY (OR ANY INTEREST THEREIN) WILL NOT BE (I) AN 'EMPLOYEE BENEFIT PLAN' THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ('**ERISA**'), (II) AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE '**CODE**'), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF ANY SUCH PLAN OR ARRANGEMENT'S INVESTMENT THEREIN, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ('**SIMILAR LAW**'), OR (B) ITS ACQUISITION, HOLDING AND SUBSEQUENT DISPOSITION OF THE NOTES REPRESENTED HEREBY WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILAR LAW. '

(v) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(vi) it understands that the Issuer, the Registrars, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer.

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

Notes represented by an interest in Legended Notes may be transferred (a) to a person who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification or (b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any state of the United States and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note will, upon transfer, cease to be an interest in a Rule 144A Global Note and become an interest in a Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in a Regulation S Global Note.

Prospective purchasers that are QIBs are hereby notified that sellers of the Rule 144A Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

GENERAL INFORMATION

Authorization

The establishment of the Program and the issue of Notes have been duly authorized by a resolution of the Managing Board dated 1 September 1995. Increases of the size of the Program were duly authorized by resolutions of the Board dated 1 May 1997, 30 March 1998, 1 May 2001, 21 October 2005, 7 November 2005, 27 April 2010, 3 January 2011 and 26 April 2013. The most recent update of the Program and the issue of Notes was duly authorized by the Supervisory Board on 20 April 2017 and the Managing Board on 20 April 2017. All consents, approvals, authorizations or other orders of all regulatory authorities required by NWB Bank under the laws of the Netherlands have been given for the issue of Notes and for NWB Bank to undertake and perform its obligations under the Program Agreement, the Agency Agreement and the Notes.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which NWB Bank is aware), nor have there been any such proceedings during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of NWB Bank.

Significant Change

There has been no significant change in the financial or trading position of NWB Bank and no material adverse change in the financial position or prospects of NWB Bank since 31 December 2016.

Listing of Notes

Application may be made for the Notes to be listed on Euronext Amsterdam, the Luxembourg Stock Exchange, Euronext Paris, Eurex Deutschland, the London Stock Exchange or any other stock exchange or market specified in the applicable Final Terms.

Auditors

The audited information of NWB Bank as at and for the years ended 31 December 2015 and 2014 has been audited by KPMG Accountants N.V. KPMG Accountants N.V. is located at Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands. The individual auditors of KPMG Accountants N.V. are members of the NBA, the *Nederlandse Beroepsorganisatie van Accountants*, the Dutch accountants board. The auditor's reports in respect of the audited financial information as at and for the years ended 31 December 2015 and 2014 (incorporated herein by reference), are included in the form and context in which they appear with the consent of KPMG Accountants N.V. who have authorized the inclusion of these auditor's reports. As the Notes have not been and will not be registered under the Securities Act, KPMG Accountants N.V. have not filed and will not file a consent under the Securities Act.

As of 1 January 2016 Ernst & Young became the new external auditor to audit the financial information of NWB Bank. Ernst & Young is located at Marten Meesweg 51, 3068 AV Rotterdam, the Netherlands. The audited information of NWB Bank as at and for the year ended 31 December 2016 has been audited by Ernst & Young. The individual auditors of Ernst & Young are members of the NBA, the *Nederlandse Beroepsorganisatie van Accountants*, the Dutch accountants board. The auditor's report in respect of the audited financial information as at and for the year ended 31 December 2016 (incorporated herein by reference), is included in the form and context in which it appears with the consent of Ernst & Young who has authorized the inclusion of this auditor's report. As the Notes have not been and will not be registered under the Securities Act, Ernst & Young has not filed and will not file a consent under the Securities Act.

Documents Available

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

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

(b) the annual reports of NWB Bank for the three most recent financial years, which contain audited financial statements as at and for the years ended 31 December 2016, 2015 and 2014 prepared in accordance with Dutch GAAP;

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

(d) the Agency Agreement (as defined in the Terms and Conditions of the Notes) (which contains the forms of the Temporary and Permanent Bearer Global Notes, the Definitive Bearer Notes, the Registered Global Notes, the Individual Note Certificates, the Receipts, the Coupons and the Talons);

(e) a copy of this Base Prospectus; and

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

Clearing and Settlement Systems

The Notes have been accepted for clearing through Euroclear, Clearstream, Luxembourg, the Clearnet S.A. Amsterdam Branch Stock Clearing and DTC. The appropriate common code, ISIN, CUSIP and/or any other relevant security code will be specified in the applicable Final Terms.

Euroclear's offices are situated at 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. Clearstream, Luxembourg's offices are situated at 42 Avenue J.F. Kennedy, 1855 Luxembourg. The address of Clearnet S.A. Amsterdam Branch Stock Clearing is Vijzelstraat 79, 1017 HG Amsterdam. The address of DTC is 55 Water Street, New York, NY 10041, United States of America.

Conditions for determining price

The price and amount of Notes to be issued under the Program will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

ABN AMRO Bank N.V.

ABN AMRO Bank N.V. is not registered with the U.S. Securities and Exchange Commission as a broker-dealer and, therefore, will not participate in the offer or sale of the Notes within the United States. To the extent that it intends to effect any sales of the Notes in the U.S., it will do so through one or more U.S. registered broker-dealers in accordance with the applicable U.S. securities laws and regulations, and as permitted by the Financial Industry Regulatory Authority regulations.

REGISTERED OFFICE OF THE ISSUER

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PRINCIPAL PAYING AGENT

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NON-U.S. PAYING AGENT

Ban
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Grand Duchy of Luxembourg

PAYING AGENT

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1082 PP Amsterdam
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To the Issuer

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As to U.S. law
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INDEPENDENT PUBLIC ACCOUNTANTS

(for the years ended 31 December 2015 and 2014)

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Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands

(as of 1 January 2016)
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Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

LUXEMBOURG LISTING AGENT

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2953 Luxembourg
Grand Duchy of Luxembourg

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United Kingdom

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