

This document constitutes the base prospectus of Friesland Bank N.V. in respect of non-equity securities within the meaning of article 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 (the "**Base Prospectus**").

PROSPECTUS DATED 13 March 2008

## Base Prospectus



### FRIESLAND BANK N.V.

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

**€ 3,000,000,000**

### Debt Issuance Programme

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Under its € 3,000,000,000 Debt Issuance Programme (the "**Programme**") Friesland Bank N.V. (the "**Issuer**", or "**Friesland Bank**" and such expression, except where the context does not permit, shall include Friesland Bank N.V. and its consolidated subsidiaries), may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below), if any. Subject as set out herein, the maximum aggregate nominal amount of the Notes from time to time outstanding under the Programme will not exceed € 3,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Key Features of the Programme – Dealers in respect of the Notes" and any additional Dealer appointed in respect of Notes under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). Notes may be distributed by way of a public offer or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each relevant series of Notes (a "**Series**") (or tranche thereof (a "**Tranche**")) will be stated in the relevant final terms (the "**Final Terms**").

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*Arranger*

**ABN AMRO**

*Dealers*

**ABN AMRO**

**Credit Suisse**

**Deutsche Bank**

**DZ BANK AG**

**Fortis Bank**

**Friesland Bank N.V.**

**ING Wholesale Banking**

**Kempen & Co**

**Rabobank International**

The full terms and conditions of each Tranche of Notes are constituted by the Terms and Conditions as set out in full in this Base Prospectus in the section headed "Terms and Conditions of the Notes", which constitute the basis of all Notes to be offered under the Programme, together with the Final Terms applicable to the relevant issue of Notes, which apply and/or disapply, supplement and/or amend the master Terms and Conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Notes (or Tranche thereof). The Notes of each Tranche will (unless otherwise specified in the applicable Final Terms) initially be represented by a Global Note (as defined below) which will be deposited on the issue date thereof either (i) with a common depositary or a common safekeeper, as the case may be, on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other agreed clearing system or (ii) with *Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.* ("**Euroclear Netherlands**"). See "Form of the Notes".

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

Application has been made to Euronext Amsterdam N.V. ("**Euronext Amsterdam**") for Notes to be issued under the Programme up to the expiry of 12 months from the Publication Date (as defined below) to be admitted to listing and trading on Euronext Amsterdam by NYSE Euronext. In addition, Notes issued under the Programme may be listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange and on any other stock exchange or market specified in the applicable Final Terms. The Issuer may also issue unlisted Notes under the Programme.

Notes to be issued under the Programme may be rated or may be unrated. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Base Prospectus has been approved by and filed with the AFM as a Base Prospectus issued in compliance with the Directive 2003/71/EC of 4 November 2003 (the "**Prospectus Directive**") and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the Publication Date (as defined below). The Issuer has requested the AFM to provide the competent authority in Luxembourg with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and related regulations which implement the Prospectus Directive in Dutch law (the "**Notification**"). The Issuer may request the AFM to provide competent authorities in additional countries which are parties to the Agreement on the European Economic Area of 17 March 2003 (the "**EEA Agreement**") with a Notification.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a country which is a party to the EEA Agreement, references to "\$", "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "¥", "**Japanese yen**" and "**yen**" refer to the currency of Japan and references to "€", "**EUR**" or "**euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

**This Base Prospectus will be published in electronic form on the websites of Euronext Amsterdam and the Luxembourg Stock Exchange and on 13 March 2008 (the "Publication Date") on the website of the Issuer at [www.frieslandbank.nl](http://www.frieslandbank.nl). This Base Prospectus is issued in replacement of a base prospectus dated 21 February 2007 and accordingly supersedes that earlier base prospectus. It is valid for a period of 12 months from the Publication Date.**

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## SUMMARY

*This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this summary.*

### **The Issuer**

Friesland Bank is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its corporate seat in Leeuwarden. Friesland Bank is authorised by *De Nederlandsche Bank N.V.* (the "**Dutch Central Bank**") to pursue the business of a credit institution in the Netherlands in accordance with the Financial Supervision Act (*Wet op het financieel toezicht*). Friesland Bank has its registered office at Beursplein 1, 8911 BE Leeuwarden, the Netherlands and its phone number is +31 58 299 4499 and is registered with the Chamber of Commerce for Friesland under number 01002411.

### **Shareholders of the Issuer**

Friesland Bank Holding N.V. currently holds all of the shares of Friesland Bank. Vereniging Friesland Bank holds all shares in the share capital of Friesland Bank Holding N.V.

### **Supervisory Board and Board of Management of the Issuer**

#### **Supervisory Board**

K. Wezeman	<i>Chairman</i>
G. Benedictus	
J. Keyzer	
L. Lindner	
A. Oosterhof	
H. Visser	

#### **Board of Management**

W.F.C. Cramer	<i>Chairman</i>
A. Vlaskamp	
E.H.M.M. Krijnsen	
G.T. van Wakeren	

## **Business overview**

Friesland Bank is a Dutch general bank engaged in both retail and wholesale banking. The bank's activities are focused on mortgages, savings, and services to small and medium sized enterprises primarily in the northern part of the Netherlands. The bank offers a full range of banking and insurance products and services to its clients. Besides its branches, Friesland Bank uses intermediaries to generate business. One of the key points of the bank is its focus on customer intimacy. Although Friesland Bank has its origins in the agricultural sector, its current business loan book is well diversified across a number of sectors. In terms of volume, mortgages form the major part of Friesland Bank's assets. The bank's strong presence in the northern part of the Netherlands and its unique history and independent status make it a credible alternative to larger competitors. Friesland Bank has several alliances with other banks in order to offer clients an up-to-date range of products and services.

## **Essential characteristics of the Notes and the Programme**

The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes under the Programme denominated in any currency (including euro) agreed between the Issuer and the relevant Dealer. The aggregate principal amount of the Notes outstanding will not at any time exceed € 3,000,000,000, subject to any duly authorised increase. The aggregate principal amount, any interest rate or interest calculation, the issue price and any other terms and conditions not contained herein with respect to each Series of Notes will be established at the time of issuance and set forth in the applicable Final Terms. The Notes may be offered for sale only outside the United States to non-U.S. persons in reliance on and in accordance with Regulation S and in accordance with all applicable laws and regulations.

Application may be made for the Notes issued under the Programme to be admitted to trading on Euronext Amsterdam by NYSE Euronext, the Luxembourg Stock Exchange and/or any other regulated market within the European Economic Area and/or any other stock exchange(s). However, Notes may also be issued under the Programme on an unlisted basis, as may be agreed between the Issuer and the relevant Dealer.

At each issue of Notes under the Programme the Issuer will deliver a global Note representing the Notes, which global Note will be exchangeable for either interests in a permanent global Note or Notes in definitive bearer form. The Notes under the Programme will constitute direct and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and (other than when relating to Subordinated Notes as defined herein) unsubordinated obligations of the Issuer and will have the benefit of a negative pledge and the events of defaults set out in the "Terms and Conditions of the Notes". Notes may be redeemable at their principal amount or at such other redemption amount as may be specified in the applicable Final Terms. Early redemption will be permitted for taxation reasons as set out in the section "Terms and Conditions of the Notes" but will otherwise be permitted only to the extent set out in the applicable Final Terms.

## **Risk Factors**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the

Notes and certain other risks related to the Notes issued under the Programme. These factors and risks are set out under "Risk Factors" on page 8 below and include risk factors relating to:

- the market in general, such as that there may not be an active trading market for the Notes and exchange and interest rate risks;
- the structure of particular Note issues, (including but not limited to Index Linked Notes, Dual Currency Interest Notes, Partly-paid Notes, Variable Rate Notes, Interest Floating Rate Notes, Fixed/Floating Rate Notes and Instalment Notes) such as that in certain cases Notes may be redeemed prior to maturity;
- the Notes in general, such as that the terms and conditions of the Notes may be modified following a meeting of holders of a Note (each a "**Noteholder**") and the fact that with regard to global Notes the Noteholder is to some extent dependent on the procedures of the relevant clearing institution; and
- the Issuer specifically, such as risks related to credit risks, operational risks, insurance risks and treasury risks.

#### **Supplemental information**

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available during normal office hours from the registered office of the Issuer and from the specified office of the Agent:

- (i) the articles of association (*statuten*) of the Issuer and an English translation thereof;
- (ii) the annual audited reports of the Issuer for the two most recent financial years and the most recently available published unaudited semi-annual financial statements of the Issuer;
- (iii) the Programme Agreement and the Agency Agreement (which contains the forms of the temporary and permanent global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons);
- (iv) a copy of this Base Prospectus; and
- (v) the Final Terms for each Tranche of listed Notes and/or Notes offered to the public.

## RISK FACTORS

*Prospective investors should read the entire Base Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section. In this section, references to Conditions are references to the "Terms and Conditions of the Notes".*

*Investing in the Notes involves certain risks. Prospective investors should consider, among other things, the following:*

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

Although the Issuer believes that the risks and uncertainties described below are its material risks and uncertainties, they may not be the only ones it faces. Additional risks and uncertainties not presently known to the Issuer or that it currently deems immaterial may also have a material adverse effect on the Issuer's business, results of operations or financial condition and could negatively affect the price of the Notes.

### **RISK FACTORS REGARDING FRIESLAND BANK N.V.**

#### **Friesland Bank faces substantial competitive pressures which could adversely affect Friesland Bank's results of operations**

There is substantial competition in the Netherlands for the types of banking, insurance and other products and services Friesland Bank provides. Friesland Bank faces competition from companies such as ING Group, ABN AMRO Bank N.V., SNS Bank N.V., Rabobank and Fortis Bank NV/SA. Friesland Bank expects that it will face additional competition from existing competitors and possibly from other financial institutions that may enter its markets. Friesland Bank's competitors may have greater financial, marketing, product development or other resources. In addition, competition in the financial services industry is furthered by the high level of consolidation in the Netherlands in the markets where Friesland Bank operates. Consolidation may create additional or stronger competitors and may intensify competition.

If Friesland Bank is unable to offer competing attractive products and services that are profitable, Friesland Bank may lose market share or incur losses on some or all of its activities. Consumer demand, technological changes, regulatory actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share, and may harm Friesland Bank's ability to maintain or increase profitability.

#### **Market conditions can adversely affect the results of Friesland Bank**

Friesland Bank's business segment is affected by market conditions, which can cause results to fluctuate from year to year as well as on a long-term basis. These market conditions include, without limitation, fluctuations in interest rates, monetary policy, consumer and business spending and demographics.

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

#### **Volatility in interest rates may negatively affect Friesland Bank's financial position or results of operations from its banking business**

The results of the banking operations of Friesland Bank are affected by its management of interest rates sensitivity. The composition of Friesland Bank's assets and liabilities, and any gap position resulting from that composition, causes the banking operations net interest income to vary with changes in interest rates. There can be no assurance that Friesland Bank will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low interest rate changes. A mismatch of interest-earning assets and interest bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial position or result from operations of the banking business of Friesland Bank.

#### **While Friesland Bank manages its operational risks, these risks remain an inherent part of all of Friesland Bank's businesses**

The operational risks that Friesland Bank faces include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events may result in financial loss and may harm Friesland Bank's reputation. Additionally, the loss of key personnel could adversely affect Friesland Bank's operations and results.

Management of operational risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Friesland Bank attempts to keep operational risks at appropriate levels by maintaining a well controlled environment in light of the characteristics of its business, the markets and the regulatory environments in which it operates. While the policies and procedures Friesland Bank has in place mitigate operational risks they may not be fully effective and cannot eliminate them completely.

#### **Friesland Bank has counterparty risk exposure**



Friesland Bank is subject to general credit risks, including credit risk of borrowers. Third parties that owe Friesland Bank money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans granted, the issuers whose securities Friesland Bank holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to Friesland Bank due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

**A downgrade of any of Friesland Bank's credit ratings may impact its ability to attract funding and could have an adverse effect on its financial condition**

Moody's Investors Service and Fitch Ratings have issued long-term credit ratings for Friesland Bank of A2 and A respectively. A downgrade of any of Friesland Bank's credit ratings (for whatever reason) would result in higher funding and refinancing costs for Friesland Bank on the capital markets. In addition, a downgrade may limit Friesland Bank's opportunities to operate in certain business areas and may have a particularly adverse effect on its image as a participant on the capital markets, as well as in the eyes of its clients. These factors may adversely affect Friesland Bank's financial condition and results of operations.

**Friesland Bank's geographical concentration could impede its ability to generate revenues**

Friesland Bank's operations are historically concentrated in the northern region of the Netherlands. Agriculture has a significant influence on this region's economic performance. Although Friesland Bank has branched out to other regions of the Netherlands and the bank's current business loan book is well diversified across a number of sectors, Friesland Bank cannot assure that an economic downfall in that region or in the agricultural sector would not have adverse effects on the business and results of Friesland Bank.

**Friesland Bank's results of operations can be affected by significant adverse regulatory developments including changes in tax law**

Friesland Bank conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, and policies in the Netherlands. The timing and form of future changes in regulation are unpredictable and beyond control of Friesland Bank, and changes made could materially adversely affect Friesland Bank's business.

Friesland Bank is required to hold various licenses for its operations and is subject to regulation and supervision by authorities in the Netherlands (such as the Dutch Central Bank, the AFM and Euronext Amsterdam) and in all other jurisdictions in which it operates. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. Regulators and supervisory authorities seem to be taking an increasingly strict approach to regulation and the enforcement thereof which may not be to Friesland Bank's benefit. A breach of any regulations by Friesland Bank could lead to intervention by supervisory authorities and Friesland Bank could come under investigation and surveillance, and be involved in judicial or administrative proceedings. Friesland Bank may also become subject to new regulations and guidelines that may require additional investments in systems and people. Compliance with such regulations and guidelines may place additional burdens or restrictions on Friesland Bank.

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

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

**RISK FACTORS REGARDING THE NOTES**

**Notes may not be a suitable investment for all investors**

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

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

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

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

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

*Notes subject to optional redemption by the Issuer*

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

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

#### *Index Linked Notes and Dual Currency Interest Notes*

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

- (i) the market price of such Notes 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) 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 likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-Paid Notes*

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

#### *Variable Rate Notes with a multiplier or other leverage factor*

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

#### *Inverse Floating Rate Notes*

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

#### *Fixed/Floating Rate Notes*

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

#### *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.

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

The Issuer may issue Notes under the Programme which are subordinated to the extent described in Condition 3 of the Terms and Conditions. Any such Subordinated Notes will constitute unsecured subordinated obligations of the Issuer. Subordinated Notes of one Series will rank *pari passu* without any preference among themselves and with all other present and future unsecured and identically subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law. In the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 3 of the Terms and Conditions) with respect to the Issuer, the claims of the holders of the Subordinated Notes against the Issuer will be subordinated to (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims. By virtue of such subordination, payments to a Subordinated Holder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Holder shall be excluded until, all obligations of the Issuer resulting from deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied. A Subordinated Holder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by

the Issuer from time to time, whether before or after the issue date of the relevant Subordinated Notes.

In addition, the rights of Holders of Subordinated Notes are limited in certain respects. In particular, (i) redemption of Subordinated Notes pursuant to Conditions 7(b), (c) or (d) may only be effected after the Issuer has obtained the written consent of the Dutch Central Bank, and (ii) the Issuer must obtain the prior written consent of the Dutch Central Bank before effecting any repayment of Subordinated Notes following an event of default. See Conditions 7(e) and 10 for further details.

*Under certain conditions, interest payments under Tier 3 Notes must be deferred*

Interest on Tier 3 Notes will not be payable on any interest payment date if and to the extent that at the time of, or as a result of such payment the Issuer's actual Own Funds (as defined in Condition 5(e)) would amount to less than 100 per cent. of the Issuer's required minimum amount of Own Funds under the Solvency Guidelines (as defined in Condition 3). Any interest in respect of the Tier 3 Notes not paid on an interest payment date on which such interest would otherwise be payable will constitute arrears of interest ("Arrears of Interest") and will become payable and will be paid by the Issuer as soon as and to the extent that the Issuer will, after such payment has been made, meet the solvency test referred to in the previous sentence. Any Arrears of Interest will also become fully payable on the date of the dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which the application of special measures as referred to in Part 3.5.5 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) is declared in respect of the Issuer. Where any amount of interest or Arrears of Interest is not paid in full, each part payment shall be made pro rata to the Tier 3 Noteholders of the relevant Series and shall be in respect of the interest accrued furthest from the date of payment. Any Arrears of Interest shall not themselves bear interest.

Any deferral of interest payments will likely have an adverse effect on the market price of the Tier 3 Notes. In addition, as a result of the interest deferral provision of the Tier 3 Notes, the market price of the Tier 3 Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

**Risks related to Notes generally**

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

*Modification, waivers and substitution*

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

The Conditions of the Notes also provide that the Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of any of the provisions of Notes which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes which is of a formal, minor

or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 17.

#### *EU Savings Directive*

If, under EU Directive 2003/48/EC on the taxation of savings income, a payment were to be made or collected through a Member State of the European Union which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent under EU Directive 2003/48/EC, the Issuer will be required to maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the Directive.

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

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. See also "Netherlands Taxation".

#### *Notes held in global form*

The Notes will initially be held by a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg or by Euroclear Netherlands, in each case in the form of a global Note which will be exchangeable for definitive Notes in limited circumstances as more fully described in the section headed "Form of the Notes" below. For as long as any Notes are represented by a global Note held by a common depositary in the case of a CGN (as defined below), or a common safekeeper in the case of a NGN (as defined below) on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on a global Note will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant global Note and, in the case of a temporary global Note, certification as to non-U.S. beneficial ownership. The bearer of the relevant global Note, being the common depositary for Euroclear and/or Clearstream, Luxembourg or Euroclear Netherlands, shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Notes represented by such global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes.

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

#### *Nominee Arrangements*

Where, in the case of an issue of Notes a nominee service provider is used by an investor to hold the relevant Notes or such investor holds interests in any Series of Notes through accounts with a clearing system (such as Euroclear, Clearstream, Luxembourg or Euroclear Netherlands), such investor will receive payments in respect of principal, interest, (if any) or any other amounts due, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or clearing system, as the case may be. Furthermore, such

investor must rely on the relevant nominee service provider or clearing system to distribute all payments attributable to the relevant Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or clearing system, as well as the Issuer.

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

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

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

#### *Change of law and jurisdiction*

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

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

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as specified in the applicable Final Terms) plus 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 trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed)

and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

#### *The secondary market generally*

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

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

#### *Interest rate risks*

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

### **Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating



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

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

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

*Legal investment considerations may restrict certain investments*

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

**General risks**

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

## IMPORTANT NOTICES

### Responsibility Statement

The Issuer, without its consolidated subsidiaries, accepts responsibility for the information contained in this Base Prospectus. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes which is the subject of Final Terms (as defined herein), should be read and construed together with the relevant Final Terms.

In the context of "an offer of Notes to the public", as defined below in "Subscription and Sale", and subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealers or the Managers and the persons named in or identifiable following the applicable Final Terms as the financial intermediaries, as the case may be.

Any person (an "**Investor**") intending to acquire or acquiring any Notes from any person (an "**Offeror**") should be aware that in the context of "an offer of Notes to the public", as defined below in "Subscription and Sale", the Issuer may be responsible to the Investor for the Base Prospectus only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone (other than the Issuer) is responsible for the prospectus used by that Offeror in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether the Issuer has authorised the Offeror to make the offer to the Investor it should take legal advice.

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 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 and an Investor must obtain such information from the Offeror.

The Issuer has confirmed to the Dealers named under "Subscription and Sale" below that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates make any representation or warranty or accept any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this 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 condition (financial or otherwise) of the Issuer since the date thereof 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 Programme 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 distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "Subscription and Sale". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed € 3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euros at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement as defined under "Subscription and Sale".

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf**

**of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake any such stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## INFORMATION INCORPORATED BY REFERENCE

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

- (1) Friesland Bank's articles of association as per the Publication Date (in the original Dutch language version as well as in English translation);
- (2) pages 17 through 64 and 66 of the Friesland Bank N.V. annual report 2005, containing the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2005 based on International Financial Reporting Standards ("**IFRS**");
- (3) pages 17 through 67 and 82 through 83 of the Friesland Bank N.V. annual report 2006, containing the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2006 based on International Financial Reporting Standards ("**IFRS**"); and
- (4) the unaudited consolidated interim semi-annual financial statements of the Issuer in respect of the six months ended 30 June 2007.

These documents can be obtained without charge at the offices of the Issuer and the Agent, each as set out at the end of this Base Prospectus. In addition the financial statements are available on the Issuer's website at [www.frieslandbank.nl](http://www.frieslandbank.nl).

## KEY FEATURES OF THE PROGRAMME

*The following summary of key features of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in "Forms of the Notes", "Terms and Conditions of the Notes" or "Form of Final Terms" below shall have the same meanings in this summary of key features of the Programme.*

Issuer:	Friesland Bank N.V.
Arranger:	ABN AMRO Bank N.V.
Dealers:	ABN AMRO Bank N.V. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Fortis Bank NV/SA Friesland Bank N.V. ING Bank N.V. Kempen & Co N.V. and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Agent:	Dexia Banque Internationale à Luxembourg, société anonyme
Final Terms:	Notes issued under the Programme may be issued pursuant to this Base Prospectus and associated Final Terms.  For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.
Admission to Trading:	Each Series may be admitted to trading on Euronext Amsterdam or the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading

and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms or may 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.

Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to € 3,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount 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.
Forms of Notes:	Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Note. Each global Note which is not intended to be issued in the form of a new global Note (a " <b>Classic Global Note</b> " or " <b>CGN</b> ") as specified in the applicable Final Terms, will be deposited on or around the relevant Issue Date either (i) with a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system or (ii) with Euroclear Netherlands and each global Note which is intended to be issued in the form of a new global Note (a " <b>New Global Note</b> " or " <b>NGN</b> "), as specified in the applicable Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. The temporary global Note will be exchangeable as described therein for either a permanent global Note or definitive Notes upon certain conditions including, in the case of a temporary global Note where the issue is subject to TEFRA D selling restrictions, upon certification of non-U.S. beneficial

ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a permanent global Note is exchangeable for definitive Notes either (i) upon not less than 30 days notice or (ii) upon the occurrence of an Exchange Event, as described in "Form of the Notes" below. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system or (ii) Euroclear Netherlands, as appropriate. Definitive Notes to be held in the Euroclear Netherlands system will be in either K-form or CF-form as described in "Form of the Notes" below.

Currencies:	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, New Zealand dollars, Sterling, Swiss francs, United States dollars and Japanese yen.
Status of the Notes:	Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms.
Issue Price:	Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Maturities:	Any maturity as may be agreed, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.



Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.

Fixed Rate Notes:

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

Floating Rate Notes:

Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms). The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms.

Index Linked Notes:

Payments in respect of interest on Index Linked Interest Notes or in respect of principal on Index Linked Redemption Notes will be calculated by reference to such index and/or formula as may be specified in the applicable Final Terms.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both (as indicated in the applicable Final Terms).</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).</p>
Dual Currency Interest Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Interest 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 or at a premium to their nominal amount or at par and will not bear interest.
Redemption:	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption:	Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 7(b) ( <i>Redemption and Purchase - Redemption for tax reasons</i> ).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

Denominations:	Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Negative Pledge:	The Senior Notes will have the benefit of a negative pledge as described in Condition 2 ( <i>Negative Pledge</i> ).
Cross Default:	The Senior Notes will have the benefit of a cross default as described in Condition 10 ( <i>Events of Default</i> ).
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of the Netherlands, as the case may be, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 8 ( <i>Taxation</i> )) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Governing Law:	Dutch law
Status of the Senior Notes:	The Senior Notes will constitute unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.
Status and Characteristics relating to Subordinated Notes:	<p>The Subordinated Notes will constitute unsecured obligations of the Issuer and will, subject as set out in the following paragraphs, rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer, save for those preferred by mandatory provisions of law and those subordinated obligations expressed to be subordinated to the Subordinated Notes.</p> <p>Where Subordinated Notes constitute Tier 2 Notes or Tier 3 Notes (each as defined below), the applicable Final Terms will specify the particular provisions relating to subordination.</p>

The claims of the holders of the Subordinated Notes of each Series (the "**Subordinated Holders**") against the Issuer will: (i) in the event of the liquidation or bankruptcy of the Issuer; or (ii) in the event that a competent court has declared that the Issuer has been subjected to special measures (*'bijzondere voorzieningen'*) as referred to in Part 3.5.5 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), and for so long as such situation is in force (such situation being hereinafter referred to as a "**Moratorium**"), be subordinated to (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims.

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

For the purposes of the Solvency Guidelines of the Dutch Central Bank to which the Issuer is subject, Subordinated Notes may qualify as either tier 2 capital ('Tier 2 Notes') or tier 3 capital ('Tier 3 Notes'), as referred to in such Solvency Guidelines.

#### Ratings:

##### *Rating definitions Fitch Ratings:*

**"A"**: High credit quality. 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

**"+" or "-"**: may be appended to a rating to denote relative status within major rating categories.

**F1**: Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

*Rating definitions Moody's:*

**A:** Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

**Prime-1 (P-1):** Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

*Rating definitions Standard & Poor's:*

**A:** An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**Plus (+) or minus (-):** The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

**A-1:** A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is 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.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom and Japan see "Subscription and Sale" below.

## FORMS OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global Note (or, if so specified in the applicable Final Terms, a permanent global Note), which, in either case, will:

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

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

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

On and after the date (the "**Exchange Date**") which is not less than 40 days nor, in the case of Notes held through Euroclear Netherlands, more than 90 days after the date on which a temporary global Note is issued, interests in the temporary global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a permanent global Note without receipts, interest coupons or talons or for definitive Notes (as indicated in the applicable Final Terms) in each case (if the Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described above unless such certification has already been given. The holder of a temporary global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date, unless, upon due certification, exchange of the temporary global Note for an interest in a permanent global Note as definitive Notes is improperly withheld or refused.

Pursuant to the Agency Agreement (as defined under 'Terms and Conditions of the Notes' below) the Agent shall arrange that, where a temporary global Note representing a Tranche of Notes is issued, the Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg and/or a Fondscore by Clearnet S.A. Amsterdam Branch Stock Clearing (the securities clearing corporation of Euronext Amsterdam N.V.) which are different from the ISIN, common code and Fondscore assigned to Notes of any other Tranche of the same Series.

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

Payments of principal and interest (if any) on a permanent global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the relevant permanent global Note (if the permanent global note is not intended to be issued in NGN form) without any requirement for certification. A permanent global Note will be exchangeable (free of charge), in whole in accordance with the applicable Final Terms for security printed definitive Notes with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made, as specified in the applicable Final Terms, either (i) upon not less than 30 days' written notice being given to the Agent by Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system and/or Euroclear Netherlands (acting on the instructions of any of its participants) as described therein or (ii) only upon the occurrence of any Exchange Event. In case of Notes which have a denomination consisting of a minimum Specified Denomination plus a higher integral multiple of another smaller amount, the exchange upon notice under (i) above does not apply. An **'Exchange Event'** means (1) the Issuer has been notified that Euroclear or Clearstream, Luxembourg or, if applicable, Euroclear Netherlands or any other relevant clearing system has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor 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 a global Note in definitive form. 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 as described in (1) above, Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands and/or any other relevant clearing system acting on the instructions of any holder of an interest in the global Note, may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date of receipt of the relevant notice by the Agent. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement. At the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in definitive form.

In case of Notes represented by a permanent global Note deposited with Euroclear Netherlands, a Noteholder shall have no right to request delivery (*'uitlevering'*) thereof under the Dutch

Securities Giro Transfer Act (*Wet giraal effectenverkeer*) other than in the event of an exchange as described above.

Notes which are represented by a global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or any other relevant clearing system or Euroclear Netherlands, as the case may be. In case of Notes with a denomination consisting of a minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. So long as the Notes are represented by a temporary global Note or permanent global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum Specified Denomination increased with integral multiples of such a smaller amount notwithstanding that definitive notes will be issued up to (but excluding) twice the minimum Specified Denomination.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms, but shall not include Euroclear Netherlands.

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

'Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code of 1986.'

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

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

Pursuant to the Agency Agreement the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

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

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

'Notice: This Note is issued for deposit with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Netherlands**") at Amsterdam, the Netherlands. Any person



being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved.'

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) (other than Euroclear Netherlands) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, holders of interests in such global Note credited to their accounts with the relevant clearing system(s) (other than Euroclear Netherlands) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) (other than Euroclear Netherlands) on and subject to the terms of the relevant global Note. In the case of a global Note deposited with Euroclear Netherlands, the rights of Noteholders will be exercised in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) (as amended).

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.*

## 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 and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each definitive Note in the standard euromarket form and K-form and will be applicable to each definitive Note in CF-form. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each global Note and definitive Note in the standard euromarket form and K-form and will be applicable to each definitive Note in CF-form. Reference should be made to 'Form of the Notes' above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions and such definitions, where appropriate in connection with an issue of Notes, will be specified in the applicable Final Terms.*

This Note is one of a Series (as defined below) of Notes issued by Friesland Bank N.V. (the "**Issuer**", for the purpose of these Conditions the Issuer does not include its subsidiaries), the Issuer may from time to time issue notes (the "**Notes**", which expression shall include Senior Notes and Subordinated Notes (each as defined below)) pursuant to the Agency Agreement (as defined below). References herein to the 'Notes' shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a global Note and (iii) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an Agency Agreement dated 13 March 2008 the "**Agency Agreement**") made between the Issuer, Dexia Banque Internationale à Luxembourg, société anonyme as issuing and principal paying agent and agent bank (in such capacity the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Notes in the standard euromarket form repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue. Any reference herein to '**Noteholders**' shall mean the holders of the Notes, and shall,

in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to '**Receiptholders**' shall mean the holders of the Receipts and any reference herein to '**Couponholders**' shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons. Any holders mentioned above include those having a credit balance in the depots held by Euroclear Netherlands or one of its participants under the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*).

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

The Final Terms for this Note is endorsed hereon or attached hereto or applicable hereto or incorporated by reference herein and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the '**applicable Final Terms**' are to the Final Terms for this Note. As used herein, '**Tranche**' means Notes which are identical in all respects (including as to listing) and '**Series**' means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement and the applicable Final Terms are available at the specified offices of the Agent and the other Paying Agents save that a Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated, provided that in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

#### 1. **FORM, DENOMINATION AND TITLE**

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

This Note may be a senior Note (the "**Senior Note**") or a subordinated Note (the "**Subordinated Note**"), as indicated in the applicable Final Terms.

This Note may be a fixed rate Note (the "**Fixed Rate Note**"), a floating rate Note (the "**Floating Rate Note**"), a zero coupon Note (the "**Zero Coupon Note**"), an index linked interest Note (the "**Index Linked Interest Note**"), a dual currency interest Note (the "**Dual Currency Interest Note**") or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an index linked redemption Note (the "**Index Linked Redemption Note**"), an instalment Note (the "**Instalment Note**"), a dual currency redemption Note (the "**Dual Currency Redemption Note**"), a partly paid Note (the "**Partly Paid Note**") or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

For so long as any of the Notes is represented by a global Note held by a common depositary or a common safekeeper, as the case may be, for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions '**Noteholder**' and '**holder of Notes**' and related expressions shall be construed accordingly). Notes which are represented by a global Note held by a common depositary or a common safekeeper, as the case may be, for Euroclear or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms but shall not include Euroclear Netherlands. Any amendments to the Terms and Conditions required in connection with such additional or alternative clearing system shall be specified in the applicable Final Terms.

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

## 2. STATUS OF THE SENIOR NOTES AND NEGATIVE PLEDGE

The Senior Notes and the relative Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law. So long as the Senior Notes or any relative Receipts or Coupons remain outstanding, the Issuer will not secure by lien, pledge or other charge upon the whole or part of its assets or revenues any present or future Relevant Indebtedness (as defined below) of the Issuer without at the same time securing the Senior Notes, Receipts or Coupons, as the case may be, equally and rateably with such Relevant Indebtedness or providing such other security as the Noteholders may approve by an Extraordinary Resolution (as defined in the Agency Agreement). 'Relevant Indebtedness' means any loan, debt, guarantee or other obligation which is represented by notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed, whether by way of public offer, private placement, acquisition consideration or otherwise, whether issued for cash or in whole or in part for a consideration other than cash and whether listed (or capable of being listed) on any stock exchange or over-the-counter or other similar securities market or not.

## 3. STATUS AND CHARACTERISTICS RELATING TO SUBORDINATED NOTES

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

If this is a Subordinated Note that constitutes a Tier 2 Note or a Tier 3 Note (each as defined below), the applicable Final Terms will specify the particular provisions relating to subordination.

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

- (i) in the event of the liquidation or bankruptcy of the Issuer; or
- (ii) in the event that a competent court has declared that the Issuer has been subjected to special measures ('*bijzondere voorzieningen*') as referred to in Part 3.5.5 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), and for so long as such situation is in force (such situation being hereinafter referred to as a '**Moratorium**'), subordinated to (a) the claims of depositors, (b) unsubordinated claims with respect to the repayment of borrowed money and (c) other unsubordinated claims.

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

For the purposes of the solvency guidelines (*Regeling solvabiliteitseisen voor het kredietrisico, Regeling solvabiliteitseisen voor het operationeel risico, Regeling solvabiliteitseisen voor het marktrisico*, the "**Solvency Guidelines**") of De Nederlandsche Bank N.V. (the "**Dutch Central Bank**") to which the Issuer is subject, the Subordinated Notes of this Series will qualify as

either tier 2 capital ("**Tier 2 Notes**") or tier 3 capital ("**Tier 3 Notes**"), as referred to in the Solvency Guidelines, as specified in the applicable Final Terms.

#### 4. **REDENOMINATION**

##### *(a) Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear, Clearstream, Luxembourg and, if applicable, Euroclear Netherlands 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 shall be redenominated in Euro. Subject to any applicable regulations, the election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into Euro in the denomination of Euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Currency, converted into Euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Agent, that the then market practice in respect of the redenomination in Euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest Euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of Euro 1,000, Euro 10,000, Euro 100,000 (as determined by the Issuer in consultation with the Agent) and (but only to the extent of any remaining amounts less than Euro 1,000 or such smaller denominations as the Agent may approve) Euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all 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;

- (v) on or after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

- (i) in the case of the Notes represented by a global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes; and

- (ii) in the case of definitive Notes, by applying the Rate of Interest to 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 comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and

- (vii) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

*(b) Definitions*

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

**"Established Rate"** means 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;

**"Euro"** means the currency introduced from the start of the third stage of European economic and monetary union pursuant to the Treaty;

**"Redenomination Date"** means (in the case of Interest Bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**"Treaty"** means the treaty establishing the European Communities, as amended.

## 5. INTEREST

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

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

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

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a global Note, the aggregate outstanding nominal 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 comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

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

(A) 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 Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

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



- (1) 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 Determination Dates that would occur in one calendar year; and
- (2) 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 Determination Dates that would occur in one calendar year; and
- (ii) 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 a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

**"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; and

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

*(b) Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) Interest Payment Dates

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

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

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

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

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

In these Conditions, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
  - (B) either (1) in relation to any sum payable in a Specified Currency 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 any Additional Business Centre and 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 Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET or TARGET 2; the "**TARGET System**") is open.
- (ii) Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

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

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

For the purposes of this sub-paragraph (A), 'Floating Rate', 'Calculation Agent', 'Floating Rate Option', 'Designated Maturity' and 'Reset Date' have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

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

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

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

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

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

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

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

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a global Note, the aggregate outstanding nominal 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 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 Floating Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

- (i) if '**Actual/365**' 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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (b) the last day of the Interest Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
  - (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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30- day month).
- (v) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest 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 fourth London Business Day (as defined below) thereafter. In case the relevant Floating Rate Notes or Index Linked Notes are listed on the Luxembourg Stock Exchange the exchange will be notified of the Rate of Interest at latest on the first day of the 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 Notes are for the time being listed and to the Noteholders in accordance with Condition 14. If the Calculation Amount is less than the minimum Specified Denomination the Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Certificates to be Final

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

*(c) Interest on Dual Currency Interest Notes*

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

*(d) Interest on Partly Paid Notes*

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

*(e) Accrual of Interest*

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

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) (five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 or individually.

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

Notwithstanding anything to the contrary contained elsewhere in this Condition 5, if this Note is a Tier 3 Note interest will not be payable on any Interest Payment Date if and to the extent that at the time of, or as a result of such payment the Issuer's actual Own Funds (as defined below) would amount to less than 100 per cent. of the Issuer's required minimum amount of Own Funds under the Solvency Guidelines. Any interest in respect of this Note not paid on an Interest Payment Date on which such interest would otherwise be payable will constitute arrears of interest ("**Arrears of Interest**") and will become payable and will be paid by the Issuer as soon as and to the extent that the Issuer will, after such payment has been made, meet the solvency test referred to in the previous sentence. Any Arrears of Interest will also become fully payable on the date of the dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which special measures as referred to in Part 3.5.5 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) is declared in respect of the Issuer. Where any amount of interest or Arrears of Interest is not paid in full, each part payment shall be made pro rata to the Tier 3 Noteholders of this Series and shall be in respect of the interest accrued furthest from the date of payment. Any Arrears of Interest shall not themselves bear interest.

"**Own Funds**" means the amount of shareholders' and other funds which qualify as actual own funds (*'toetsingsvermogen'*) under the Solvency Guidelines.

## 6. PAYMENTS

### *(a) Method of Payment*

Subject as provided below:

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

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

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

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

herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

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

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

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index 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), 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 becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be issued.

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



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

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside the United States. On each occasion on which a payment of principal or interest is made in respect of a Note which is issued in the form of a new global Note (a "**New Global Note**", or "**NGN**") the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg and in respect of a Note which is not issued in the form of a New Global Note (a "**Classic Global Note**" or "**CGN**"), the payment is noted in a schedule thereto.

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

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

*(c) Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day (subject to Condition 9 which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation; and
  - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars shall be Sydney) or (2) in relation to any sum payable in Euro, a day on which the TARGET System is open.

*(d) Interpretation of Principal and Interest*

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

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

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

## **7. REDEMPTION AND PURCHASE**

*(a) At Maturity*

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

*(b) Redemption for Tax Reasons*

Subject as provided in Condition 7(l) and unless otherwise specified in the applicable Final Terms, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest 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 and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

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

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

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may, subject as provided in Condition 7(l), subject to notification to the Luxembourg Stock Exchange and having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(both of which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg (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 Euroclear Netherlands, 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 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least 5 days prior to the Selection Date.

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

Subject as provided in Condition 7(l), if Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

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

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

*(e) Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

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

*(f) Instalments*

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

*(g) Partly Paid Notes*

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

*(h) Purchases*

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

*(i) Cancellation*

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

*(j) Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 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 paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 14.

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

If this Note is a Tier 3 Note, principal will not be repayable on the due date thereof if and to the extent that at the time or as a result of such payment the Issuer's actual Own Funds (as defined in Condition 5(f)) would amount to less than 100 per cent. of the Issuer's required minimum amount of Own Funds under the Regulation on Solvency Margin and Technical Provisions Insurers. Any principal not paid on the date on which such principal would otherwise be payable will be paid by the Issuer if and to the extent that the Issuer will meet the solvency test referred to in the previous sentence. Any arrears of principal will also become fully payable on the date of dissolution of the Issuer, the date on which the Issuer is declared bankrupt or the date on which special measures as referred to in Part 3.5.5 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) are declared in respect of the Issuer. Where any amount of principal is paid in part, each part payment shall be made pro rata to the Tier 3 Noteholders. Any arrears of principal shall continue to bear interest at the applicable rate.

*(l) Redemption of Subordinated Notes*

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

## **8. TAXATION**

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

charges for the account of the holders of the Notes, Receipts or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons or (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or
- (ii) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day (assuming that day to have been a Payment Day as defined in Condition 6(c)); or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the EU Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14. If this Note is a Tier 3 Note, to the extent that any amount is not payable or repayable pursuant to Condition 5(f) or 7(k), the Relevant Date shall be the date on which any such amount becomes first payable or repayable.

## 9. **PRESCRIPTION**

Claims for payment in respect of the Notes, Receipts and Coupons will be prescribed ('*verjaard*') unless made within a period of five years after the date on which such payment first becomes due. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

## 10. EVENTS OF DEFAULT

If in the case of any Senior Notes one or more of the following events (or in the case of any Subordinated Notes, either or both of the events specified in (iv) and (v)) (each an "**Event of Default**") shall have occurred and be continuing:

- (i) default is made for more than 14 days in the payment of interest or more than seven days in the payment of principal in respect of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer fails in the due repayment of borrowed money in excess of € 12,500,000 and such failure continues for a period of 14 days after notice of such failure has been received by the Issuer, provided that no event of default shall be deemed to have occurred if the Issuer shall contest its liability in good faith or shall have been ordered not to make such a payment by a competent court; or
- (iv) the Issuer is declared bankrupt, or special measures as referred to in Part 3.5.5 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) are declared in respect of the Issuer; or
- (v) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes,

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, provided that repayment of Subordinated Notes under this Condition 10 may only be effected after the Issuer has obtained the written consent of the Dutch Central Bank.

## 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 Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 12. AGENT AND PAYING AGENTS

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



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

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iii) there will at all times be an Agent;
- (iv) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the EU Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (v) a notice will be published in the case of any change in Paying Agents.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

### **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 Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 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 Notes shall be published (i) in at least one daily newspaper of wide circulation in the Netherlands, (ii) if so specified in the applicable Final Terms in a leading English language daily newspaper of general circulation in London, (iii) if and for so long as the Notes are listed on Euronext Amsterdam, in the Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V. and (iv) if and for so long as the Notes are listed on the Luxembourg

Stock Exchange, in a daily newspaper of general circulation in Luxembourg or on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)). It is expected that such publication will be made in the *Financial Times* in London (in the case of (ii) above), in "*Het Financieele Dagblad*" (in the case of (i) above) and the Luxembourg Stock Exchange's website (in the case of (iv) above). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made.

Until such time as any definitive Notes are issued, there may (provided that, in the case of any publication required by the rules of such stock exchange, the rules of the stock exchange so permit), so long as the global Note(s) is or are held in its or their entirety with a depositary or a common depositary on behalf of Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the holders of the Notes, provided that, if and for so long as such Notes are listed on the Luxembourg Stock Exchange, the relevant notice shall also be published in a daily newspaper of general circulation in Luxembourg. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system.

Where the identity of all the holders of the Notes is known to the Issuer, the Issuer may (after consultation with the relevant stock exchange (where relevant)) give notice individually to such holders in lieu of publication as provided above.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, may approve for this purpose.

#### **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 nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts and the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of 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 nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

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

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the Netherlands.

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

#### 17. SUBSTITUTION OF THE ISSUER

- (a) The Issuer may, with the consent of the Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Notes on which no payment of principal or interest is in default and (in the case of Subordinated Notes) after written approval of the Dutch Central Bank, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Notes and the relative Receipts and Coupons provided that:
  - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder, Receiptholder and Couponholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the relative Receipts and Coupons and the Agency Agreement as the principal debtor in respect of the Notes and the relative Receipts and Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, in favour of each Noteholder and each holder of the relative Receipts and Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 8) payable in respect of the Notes and the relative Receipts and Coupons;

- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 8 with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Noteholder, Receiptholder and Couponholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder, Receiptholder or Couponholder by any political sub-division or taxing authority of any country in which such Noteholder, Receiptholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are valid and binding in accordance with the respective terms and enforceable by each Noteholder, Receiptholders;
- (iv) each stock exchange which has Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor such Notes will continue to be listed on such stock exchange;
- (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issue and to be available for inspection by Noteholders, Receiptholders and Couponholders at the specified office of the Agent;
- (vi) the Issuer shall have delivered to the Agent or produced the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers acting for the Issuer to the effect that the Documents (including the new guarantee) constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not

more than 3 days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders, Receiptholders and Couponholders at the specified office of the Agent; and

- (vii) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers (which may be the same lawyers referred to in (vi) above) to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor under Dutch law, such opinion to be dated not more than 3 days prior to the date of substitution of the Substituted Debtor for the Issue and to be available for inspection by Noteholders, Receiptholders and Couponholders at the specified office of the Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer, nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders, Receiptholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder, Receiptholder or Couponholder, except as provided in Condition 17(a)(ii), shall be entitled to claim from the Issuer, or any Substituted Debtor, under the Notes and the relative Receipts and Coupons, any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition in respect of the Subordinated Notes of any Series, the Documents shall provide for such further amendment of the Terms and Conditions of the Subordinated Notes as shall be necessary or desirable to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor, subordinated to no greater extent than the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3 of the Terms and Conditions.
- (d) With respect to Subordinated Notes, the Issuer shall be entitled, after written approval of the Dutch Central Bank and by notice to the Noteholders given in accordance with Condition 14 at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Noteholders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice referred to in paragraph (g) below having been given, the Substituted Debtor shall be deemed to be named in the Notes and the relative Receipts and Coupons as the principal debtor in place of the Issuer and the Notes and the relative Receipts and Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes and relative Receipts and Coupons prior to release and shall ensure for the benefit of Noteholders, Receiptholders and Couponholders.

- (f) The Documents shall be deposited with and held by the Agent for so long as any Notes, Receipts or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder, Receiptholder or Couponholder in relation to the Notes or the relative Receipts and Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder, Receiptholder and Couponholder to the production of the Documents for the enforcement of any provision of the Notes or the relative Receipts and Coupons or the Documents.
- (g) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 14.

**18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands. The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and their appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons may be brought in any other court of competent jurisdiction.

## **USE OF PROCEEDS**

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

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

**Final Terms dated [•]**

**FRIESLAND BANK N.V.**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the € 3,000,000,000 Debt Issuance Programme**

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

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in item 36 below, provided such person is one of the persons mentioned in item 36 below and that such offer is made during the Offer Period specified for such purpose therein.

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

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 3 of the Prospectus Directive, in each case, in relation to such

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



offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>2</sup>

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 13 March 2008 [and the supplemental Prospectus dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (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 such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at Beursplein 1, 8911 BE Leeuwarden, the Netherlands and [www.frieslandbank.nl](http://www.frieslandbank.nl) and copies may be obtained from Friesland Bank, Attn. Treasury & Financial Markets, Postbus 1, 8900 AA Leeuwarden, The Netherlands.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the prospectus dated [original date] [and the supplemental prospectus dated [original date]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the prospectus dated [original date] [and the supplemental prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the prospectus dated [original date] [and the supplemental prospectus dated [●]] and the Base Prospectus dated [current date] [and the supplemental prospectus dated [●]]. The prospectus dated [original date] [and the supplemental prospectus dated [●]] and the Base Prospectus dated [current date] [and the supplemental prospectus dated [●]] are available for viewing at Beursplein 1, 8911 BE Leeuwarden, the Netherlands and [www.frieslandbank.nl](http://www.frieslandbank.nl) and copies may be obtained from Friesland Bank, Attn. Treasury & Financial Markets, Postbus 1, 8900 AA Leeuwarden, the Netherlands

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

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

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<sup>2</sup> Include this legend where only an exempt offer of Notes is anticipated. (N.B. Not relevant for an issue of Notes with a minimum denomination of € 50,000 (or its equivalent in another currency)).

1. Issuer: [ ]

2. [(i)] Series Number: [ ]

[(ii)]Tranche Number: [ ]

(If fungible with an existing Series,  
details of that Series, including the  
date on which the Notes become  
fungible).]

3. Specified Currency or Currencies: [ ]

4. Aggregate Nominal Amount: [ ]

[(i)] Series: [ ]

[(ii)] Tranche: [ ]

5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus  
accrued interest from *[insert date]* ( *if applicable*)]

6. (a) Specified Denominations: [ ]  
[ ]

*(Note – where multiple denominations above [€50,000] or  
equivalent are being used the following sample wording  
should be followed:*

*"[€50,000] and integral multiples of [€1,000] in excess  
thereof up to and including [€99,000]. No Notes in  
definitive form will be issued with a denomination above  
[€99,000].")*

*(N.B. If an issue of Notes is (i) NOT admitted to trading on  
an European Economic Area exchange; and (ii) only  
offered in the European Economic Area in circumstances  
where a prospectus is not required to be published under  
the Prospectus Directive the €[1,000] [50,000] minimum  
denomination is not required.)*

(b) Calculation Amount: *(If only one Specified Denomination, insert the Specified  
Denomination.*

*If more than one Specified Denomination, insert the highest  
common factor. Note: There must be a common factor in  
the case of two or more Specified Denominations.)*

7. [(i)] Issue Date: [ ]

[(ii)] Interest Commencement  
Date: [ ]

8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
9. Interest Basis: *[• per cent. Fixed Rate]  
[*[specify reference rate]* +/- • per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)*
10. Redemption/Payment Basis: *[Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]*
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: *[Investor Put]  
[Issuer Call]  
[(further particulars specified below)]*
13. [(i)] Status of the Notes: *[Senior/[Dated/Perpetual]/ Subordinated]*
- [(ii)] [Date [Board] approval for issuance of Notes obtained: *[ ] [and [ ] , respectively]]  
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]*
14. Method of distribution: *[Syndicated/Non-syndicated]*

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

15. **Fixed Rate Note Provisions** *[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: *[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]*
- (ii) Interest Payment Date(s): *[ ] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]*
- (iii) Fixed Coupon Amount[(s)]: *[ ] per [ ] Calculation Amount*
- (iv) Broken Amount(s): *[ ] per Calculation Amount, payable on the Interest payment Date falling [in/on] [ ]*
- (v) Day Count Fraction: *[30/360 / Actual/Actual ([ICMA] /ISDA) / other]*
- (vi) Determination Dates: *[ ] 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. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*

(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

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

(i) Interest Period(s): [ ]

(ii) Specified Interest Payment Dates: [ ]

(iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]

(iv) Business Centre(s): [ ]

(v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]

(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [ ]

(vii) Screen Rate Determination:

– Reference Rate: [ ]

– Interest Determination Date(s): [ ]

– Relevant Screen Page: [ ]

(viii) ISDA Determination:

– Floating Rate Option: [ ]

– Designated Maturity: [ ]

– Reset Date: [ ]

(ix) Margin(s): [+/-][ ] per cent. per annum

(x) Minimum Rate of Interest: [ ] per cent. per annum

- (xi) Maximum Rate of Interest: ☐ per cent. per annum
- (xii) Day Count Fraction: ☐
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: ☐
17. **Zero Coupon Note Provisions** ☐ [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) [Amortisation/Accrual] Yield: ☐ per cent. per annum
- (ii) Reference Price: ☐
- (iii) Any other formula/basis of determining amount payable: ☐
18. **Index-Linked Interest Note/other variable-linked interest Note Provisions** ☐ [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: ☐ [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: ☐
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: ☐
- (iv) Determination Date(s): ☐
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: ☐
- (vi) Interest or calculation period(s): ☐
- (vii) Specified Interest Payment Dates: ☐
- (viii) Business Day Convention: ☐ [Floating Rate Convention/ Following Business Day

Convention/Modified Following Business Day  
Convention/Preceding Business Day Convention/other  
(give details)]

- (ix) Business Centre(s): [ ]
- (x) Minimum Rate/Amount of Interest: [ ] per cent. per annum
- (xi) Maximum Rate/Amount of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]

**19. Dual Currency Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

**20. 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 and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period: [ ]

**21. 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 and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period: [ ]

**22. Final Redemption Amount of each Note** [[ ] per Calculation Amount

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [ ]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iv) Determination Date(s): [ ]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]
- (vi) Payment Date: [ ]
- (vii) Minimum Final Redemption Amount: [ ] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [ ] per Calculation Amount

**23. Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or [ ]

on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- |   |  |
|---|--|
| 24. Form of Notes:  | <p><b>Bearer Notes:</b></p> <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice]</p> <p>[Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]</p> <p><i>(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 in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000].")</i></p> |
| 25. New Global Note form:   | [Yes][No]  |
| 26. Financial Centre(s) or other special provisions relating to Payment Dates:  | [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16(iv) and 18(ix) relates]  |
| 27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):   | [Yes/No. If yes, give details]   |
| 28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: | [Not Applicable/give details]  |
| 29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:  | [Not Applicable/give details]  |



30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition •] apply]
31. Consolidation provisions: [Not Applicable/The provisions [in Condition •] apply]
32. Other final terms: [Not Applicable/give details]
- (When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

33. (i) If syndicated, names and addresses of Managers and underwriting commitments: [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.)*
- (ii) Date of [Subscription] Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
34. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
35. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
36. Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date] (**Offer Period**). See further Paragraph 10 of Part B below.
37. Additional selling restrictions: [Not Applicable/give details]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [Euronext Amsterdam by NYSE Euronext/the Luxembourg Stock Exchange/specify other] of the Notes described herein] pursuant to the [insert Programme Amount] Debt Issuance Programme of Friesland Bank N.V.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [● has been extracted from ●]. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained herein is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by ●, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Amsterdam]/[London]/[Luxembourg]/[other  
(specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### 2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]

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

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

### 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 following statement:

"Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

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

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

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

[(iii)] Estimated total expenses: ● [Include breakdown of expenses.]  
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

#### 5. [Fixed Rate Notes only – YIELD

Indication of yield: ●  
Calculated as [include details of method of calculation in summary form] on the Issue Date.  
As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

#### 6. [Floating Rate Notes only - HISTORIC INTEREST RATES

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

#### 7. [Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an

*index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

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].

## **8. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

## **9. OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

Fondscore: [ ] Not Applicable

Other relevant code: [ ] Not Applicable / give name(s) and number(s)

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [ ]

New Global Note - Intended to be [Yes][No]

held in a manner which would allow Eurosystem eligibility: [Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*Include this text if "Yes" selected in which case the Notes must be issued in NGN form*]

## **10. TERMS AND CONDITIONS OF THE OFFER**

Offer Price: [Issue Price] [*specify*]

Conditions to which the offer is [Not Applicable/give details]

subject:

Description of the application process: [Not Applicable/*give details*]

Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/*give details*]

Details of the minimum and /or maximum amount of application: [Not Applicable/*give details*]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/*give details*]

Manner and date on which results of the offer are to be made public: [Not Applicable/*give details*]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not 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/*give details*]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not 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/*give details*]

## DESCRIPTION OF THE ISSUER

### HISTORY AND STRUCTURE

Friesland Bank N.V. is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its corporate seat in Leeuwarden. Friesland Bank N.V. is authorised by *De Nederlandsche Bank N.V.* (the "**Dutch Central Bank**") to pursue the business of a credit institution in the Netherlands in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). Friesland Bank N.V. has its registered office at Beursplein 1, 8911 BE Leeuwarden, the Netherlands and its phone number is +31 58 299 4499 and is registered with the Chamber of Commerce for Friesland under number 01002411.

Friesland Bank N.V. was incorporated on 10 July 1912 in Leeuwarden as Coöperatieve Zuivelbank by a number of Frisian co-operative dairy industries to regulate their cash positions and to provide them with short-term credits. Soon Friesland Bank extended its operations to all agrisector business in Friesland organised on a co-operative basis, and to local authorities and water boards. Friesland Bank undertook virtually no retail activities. In its first fifty years, Friesland Bank operated exclusively from its offices at Leeuwarden. From 1963 onwards, Friesland Bank's strategy was fundamentally changed: services were offered also to non-co-operative businesses in Friesland and a retail banking operation was set up. As a result, a network of 60 branches was established throughout Friesland. In 1970, Friesland Bank changed its name to Coöperatieve Vereniging Friesland Bank b.a. to reflect both its regional identity and its character as a general bank.

In 1992, Friesland Bank decided, in view of the ongoing concentration in the Dutch banking industry, to expand its activities to the whole northern part of the Netherlands, to enter into alliances with other financial institutions and to modernise its legal structure. In 1993, a branch was opened in Groningen, followed by branches in Alkmaar (1995) and Assen (1997). In the course of 1999, a branch was opened in Zwolle. To improve efficiency, 20 smaller branches in the province of Friesland were closed in 1999 and in 2000/2001 three further branches were closed. In 2002, a branch was opened in Enschede. At the end of 1994, Friesland Bank entered into an alliance with F. van Lanschot Bankiers N.V. and took a 24.2 per cent. shareholding in the common shares of F. van Lanschot Bankiers N.V. At the end of 2007, this stake amounted to 28 per cent. In 1996, Friesland Bank took a 7.5 per cent. participation in Triodos Bank N.V., a 'green' bank which finances environmentally-friendly projects and initiatives. In 1998, Friesland Bank took a 60 per cent. participation in Aecum B.V., a pension consultancy firm. The stake in Aecum B.V. was increased in 2000 to 100 per cent. In 2000 Spaar- en Voorschotbank N.V., already a 100 per cent. subsidiary for years, became a legal part of Friesland Bank. Through these acquisitions and participating interests, Friesland Bank intends to keep closely in touch with the developments in various market niches of the Dutch banking sector. Friesland Bank consolidated its position in its regional market at the end of 2004, when it formed a close strategic partnership with the Bercoop Groep in Oldeberkoop, in the south of the province of Friesland. The Bercoop Groep owned Bank Bercoop. Friesland Bank's acquisition of a 45 per cent. interest in Bercoop Groep formalised the relationship which had existed between the two institutions for decades. In December 2006 the stake in Bercoop Group was increased to 100 per cent. The integration of the banking and insurance activities of Bank Bercoop took place in 2007. In September 2006 Friesland Bank announced a further

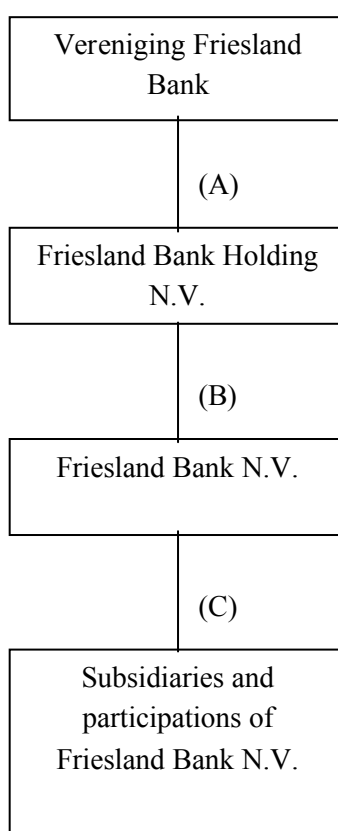
implementation of its strategy and the positioning of the bank. Seven smaller branches in the province of Friesland are closed. The remaining number of branches is 24. In other parts of the Netherlands new branches have been set up. The first steps have already been taken in opening offices in Amsterdam (2006) and Utrecht (2007). Friesland Bank offers a wide range of financial services and products in banking and insurance, with a focus on business banking and personal/private banking.

On 10 January 2007, Friesland bank acquired 10.06 per cent. of the shares in the share capital of BinckBank. In November 2007, Friesland Bank announced a Business Process Outsourcing agreement with BinckBank for brokerage and back-office services. In May 2007, Friesland Bank issued Eleven Cities 3, a RMBS securitisation of € 935 million. The issue was well received by investors. Due to the large demand and the quality of the pool the notes could be priced at historically tight spreads.

In 1995, the legal structure of Friesland Bank was changed from a co-operative to a public company with limited liability, with the share capital held by Vereniging Friesland Bank, a body which comprises the former members of the co-operative. The new structure enabled Friesland Bank to attract new capital. In 1997, the legal structure of Friesland Bank was further amended by the introduction of Friesland Bank Holding N.V.

Friesland Bank Holding N.V. currently holds all of the shares of Friesland Bank N.V. Vereniging Friesland Bank holds all shares in the share capital of Friesland Bank Holding N.V. (300,000 ordinary shares). In November 2004 Friesland Bank significantly strengthened its financial position with the issue of € 125 million Perpetual Capital Securities. These hybrid securities qualify as shareholder's equity which makes them ideal for funding long-term capital investments.

#### **Legal structure of the Friesland Bank Group as at December 31, 2007**





- (A) Vereniging Friesland Bank holds all ordinary shares in Friesland Bank Holding N.V.
- (B) Friesland Bank Holding N.V. holds all ordinary shares of Friesland Bank
- (C) As per 31 December 2007, Friesland Bank holds shares in a number of subsidiaries and participations:
  - FB/Aecum B.V. (100 per cent.)
  - Friesland Bank Investments B.V.(100 per cent.)
  - Friese Participatie Maatschappij B.V. (100 per cent.)
  
  - Fries Trustkantoor B.V. (100 per cent.)
  - Beheerder Friesland Fund B.V. (100 per cent.)
  - Bewaarder Friesland Fund B.V. (100 per cent.)
  - Holding Bercoop Groep N.V. (100 per cent.)
  - Van Lanschot N.V. (28 per cent., ordinary shares)
  - Triodos Bank N.V. (6 per cent.)
  - Binck Bank (15.2 per cent.)

## SELECTED FINANCIAL INFORMATION

Friesland Bank's financial statements for the years ending 31 December 2005 and 2006 are based on IFRS as adopted by the EU (previously known as 'International Accounting Standards' or 'IAS'). Because IFRS emphasises the measure of the fair value of certain assets and liabilities, applying these standards to Friesland Bank's financial statements has a considerable impact on a number of important areas, including, among others, employee benefits and financial instruments (including derivatives).

The following table shows the development of the business of Friesland Bank and its subsidiaries for 2005 and 2006.

In thousands of euro:

	<b>2006</b>	<b>2005</b>
Loans and advances	7,271,173	7,028,401
Funds entrusted	5,005,032	5,079,593
Group equity (1)	856,691	819,805
Group funds	1,230,175	1,154,024
Total assets	9,346,796	9,093,652
 Total income	 379,670	 354,217
 Operating expenses	 247,646	 191,263
Value adjustments to receivables	7,735	28,754
Value adjustments to financial instruments	-9,434	28,044
Value adjustments to financial assets	9,784	9,728
Movement in FGBR	3,035	0
Extra ordinary result	0	0
Net profit	106,871	76,725
 Total income / Operating expenses	 1.5385	 1.85
Capital ratio in per cent.	13.2	12.7
BIS tier 1 capital ratio in per cent.	13.2	13.4
BIS tier 2 capital ratio in per cent.	13.2	13.4

(1) Including third party interest

## **BUSINESS**

Friesland Bank is a general bank engaged in both retail and wholesale banking, with a focus on commercial banking in the northern part of the Netherlands. Friesland Bank's mission is to be the leading quality bank for the northern part of the Netherlands. Friesland Bank offers a broad range of financial services to private and corporate customers. Friesland Bank strives to have intimate knowledge of local and regional conditions, to offer direct and effective personal attention and the capability to provide tailor-made solutions at short notice.

### **Retail banking**

Based on its historical presence in the local savings market, retail banking is one of the main activities of Friesland Bank. About 50 per cent. of Friesland Bank's business is represented by retail banking, where Friesland Bank services individuals, small local businesses and institutions with short-term credits, house financing, savings and investment products and insurance. For payment services, Friesland Bank offers all modern facilities like ATM's, internet banking, on site PIN-code payments, and a range of card facilities.

### **Private banking**

In recent years, Friesland Bank has developed a separate Private Banking division, in response to strongly increased demand for their individualised type of service. Up-to-date personal financial planning services are offered, with a range of made-to-measure world-wide investment options and portfolio management.

### **Wholesale banking**

In this segment the greater part of Friesland Bank's clients are medium-sized, privately owned businesses in all types of industry, along with selected large companies, where Friesland Bank is often active as a second bank alongside the major Dutch banks. It offers all of the usual types of business financing such as short- and medium-term loans, working capital financing, operational and financial lease of equipment, a range of facilities for domestic and foreign payments, project financing and treasury services.

### **Investment banking**

Friesland Bank has longstanding experience in investing in industry, partly through Friese Participatie Maatschappij B.V. and partly by taking direct shareholdings. Its services include acting as a consultant, arranging management buy-outs and buy-ins, take-over financing, and the formation of investment syndicates. In 2000, Friesland Bank reorganised the legal structure of its shareholding activities by establishing Friesland Bank Investments B.V. This is the holding company for Friesland Bank Participaties B.V., Friese Participatie Maatschappij B.V., Haarlemse Participatiemaatschappij B.V. and for Overijsselse Participatie Maatschappij B.V.

### **Insurance**

Friesland Bank Assurantien ("**FBA**") is one of the top 25 insurance brokers in the Netherlands. FBA offers life and general insurance products for retail and corporate clients of Friesland Bank, and also to clients who have no relationship with Friesland Bank. FBA acts as an underwriter for eight large general insurance companies, and as an intermediary for all large

domestic life insurance companies. Aecum is an insurance intermediary, which specialises in group pension plans. Operating as a pension advisory firm, it is complementary to FBA's activities.

### **Brokerage**

Friesland Bank is active as a securities broker out of the Leeuwarden headquarters, primarily targeted at its retail clients.

### **Lending**

At the end of December 2006, the loan portfolio of Friesland Bank amounted to € 7,271 billion of which € 148 million in public lending and € 7,218 billion outstanding with the private sector. The provision for loan losses of Friesland Bank amounted to € 95 million.

### **Funding**

Friesland Bank has several sources of funds. Due to its position in the local retail market relevant sources of funds are the deposits on savings accounts from Friesland Bank's retail customers. In addition, Friesland Bank holds surplus liquidity from local and regional institutions in short- and long-term deposits. Other long-term funds are provided by private placements, public debt and subordinated loans. Short-term money market related lending makes up the balance. In addition, Friesland Bank has launched mortgage backed securities transactions, Eleven Cities no. 1, in July 2002, Eleven Cities no.2 in October 2003 and Eleven Cities no. 3 in May 2007.

## **SUPERVISORY BOARD AND BOARD OF MANAGEMENT**

### **Supervisory Board**

K. Wezeman, Chairman

*Emeritus Professor Management Information Systems*

G. Benedictus

*Managing Director and owner of a management consultancy company*

J. Keyzer

*Managing Director of Bosplaat Advies*

L. Lindner

*Former Director Corporate Affairs Friesland Foods*

A. Oosterhof

*Farmer*

H. Visser

*Former member of Board of Management of Rabobank Nederland*

*The activities mentioned above are the principal activities of the members of the Supervisory Board outside Friesland Bank.*

### **Board of Management**

W.F.C. Cramer, Chairman

A. Vlaskamp

E.H.M.M. Krijnsen  
G.T. van Wakeren

All members of the Supervisory Board and Board of Management have declared their domicile at Friesland Bank N.V., Beursplein 1, 8911 BE Leeuwarden.

**Conflicts of interest**

There are no potential conflicts between any duties to Friesland Bank and the private interests and/or other duties of members of the Board of Management and/or the Supervisory Board of Friesland Bank.

## CAPITALISATION

The consolidated capitalisation of Friesland Bank and its subsidiaries as at 31 December was as follows:

<b>Capitalisation</b> (in thousands of euro)	<b>2006</b>	<b>2005</b>
<b>Share capital and reserves</b>		
Issued and fully paid up (share premium included) (1)	93,177	93,177
Reserves	614,840	581,841
Perpetual Securities	125,000	125,000
Thirdparty interests	23,674	19,787
Group Equity	856,691	819,805
Subordinated liabilities	373,484	334,219
Fund for general banking risks	0	0
 Total group funds	 1,230,175	 1,154,024
Loan capital previously issued	2,513,241	2,209,575
 <b>Total Capitalisation</b>	 3,743,416	 3,343,812

(1) As at 31 December 2006, Friesland Bank's issued and fully paid up share capital consisted of 37,463 ordinary shares of par value € 450, the authorised share capital was € 67,500,000.

Including outstanding bonds, medium term notes, saving certificates and bonds issued by Eleven Cities no. 1, 2 and 3. Eleven Cities is the special purpose vehicle for the RMBS transaction which Friesland Bank has issued in 2002, 2003 and 2007.

Except as may be described herein, there has been no material change in the capitalisation of Friesland Bank since 31 December 2006.

## FINANCIAL STATEMENTS

The following financial information included on pages 87 to 88 is derived from the financial statements of Friesland Bank for the year ended 31 December 2006. Ernst & Young Accountants has audited, and issued unqualified audit reports on, the financial statements of Friesland Bank for the years ended 31 December 2006 en 2005.

The financial statements of Friesland Bank for the years ended 31 December 2006 and 2005 have been filed with the trade register (*handelsregister*) maintained by the Chamber of Commerce for Friesland. In addition, these financial statements can be obtained without charge at the offices of the Issuer and the Agent and are available on the Issuer's website at [www.frieslandbank.nl](http://www.frieslandbank.nl).

### CONSOLIDATED BALANCE SHEET AT 31 DECEMBER

<b>Assets</b> (in thousands of euro)	<b>2006</b>	<b>2005</b>
Cash	46,993	128,990
Banks	78,498	180,121
Loans and advances	7,271,173	7,028,401
Other financial assets	1,239,046	1,092,437
Investments in associates	417,534	377,223
Intangible assets	28,470	5,983
Property, plant and equipment	85,662	101,298
Assets held for sale	6,963	4,500
Current tax	6,160	10,111
Deferred tax	67,182	75,830
Inventories	14,650	13,628
Trade receivables	17,840	16,161
Other assets	32,012	24,109
Prepayment and accrued income	34,613	34,860
<b>Total assets</b>	<b>9,346,796</b>	<b>9,093,652</b>
<b>Equity and liabilities</b> (in thousands of euro)		
Banks	265,484	336,226
Funds entrusted	5,005,032	5,079,593
Debt securities	2,513,241	2,209,575
Financial liabilities	50,590	62,010
Current tax	-	-
Deferred tax	-	2,075
Other liabilities	120,551	88,557
Accruals and deferred income	119,375	115,227
Provisions	42,348	46,365
Subordinated liabilities	373,484	334,219
	<b>8,490,105</b>	<b>8,273,847</b>
Share capital and reserves attributable to Shareholders of Friesland Bank N.V.	833,017	800,018
Third-party interests	23,674	19,787
	<b>856,691</b>	<b>819,805</b>
<b>Total equity and liabilities</b>	<b>9,346,796</b>	<b>9,093,652</b>

## CONSOLIDATED PROFIT AND LOSS ACCOUNT AT 31 DECEMBER

<b>Income</b> (in thousands of euro)	<b>2006</b>	<b>2005</b>
Interest income	363,217	385,653
Interest expense	260,922	245,992
Interest	102,295	139,661
Income from securities	33,776	47,804
Income from associates	87,759	60,983
Income from securities and associates	121,535	108,787
Commission	35,194	32,355
Results on financial transactions	18,237	9,838
Other income	1,821	1,601
Revenues of companies included as private equity investments	100,588	61,975
<b>Operating income</b>	<b>379,670</b>	<b>354,217</b>
<b>Expenses</b> (in thousands of euro)		
Staff costs	95,952	97,344
Other administrative expenses	139,217	83,298
Depreciation and amortisation	12,477	10,621
Operating expenses	247,646	191,263
Impairment of loans and advances	4,735	28,754
Impairment of financial instruments	-9,434	28,044
Impairment of financial assets	9,784	9,728
Impairment of intangible assets and PP&E	3,035	-
Total impairment losses	8,120	66,526
<b>Total expenses</b>	<b>255,766</b>	<b>257,789</b>
<b>Operating result</b>	<b>123,904</b>	<b>96,428</b>
Tax	13,220	8,038
<b>Profit for the period</b>	<b>110,684</b>	<b>88,390</b>
<b>Net profit attributable to third-party interests</b>	<b>3,813</b>	<b>11,665</b>
<b>Net profit attributable to shareholders of Friesland Bank N.V.</b>	<b>106,871</b>	<b>76,725</b>
	<b>110,684</b>	<b>88,390</b>

For the cash flow statement, the accounting policies and the explanatory notes reference is made to the financial statements of 2006 including comparative data for 2005 incorporated by reference in this Base Prospectus.



## NETHERLANDS TAXATION

### 1. TAXATION IN THE NETHERLANDS

The following is intended as general information only and it does not purport to present any comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to a holder of Notes (a **"Noteholder"**). Prospective Noteholders should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Notes.

The following summary is based on the Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

For the purpose of this paragraph, **"Dutch Taxes"** shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities.

### 2. WITHHOLDING TAX

A Noteholder is not subject to Dutch withholding tax with respect to payments made under the Note, except if the Note qualifies as equity for the Issuer, in which case any payment under the Note, other than a repayment of principal, will be subject to 15 per cent. Dutch dividend withholding tax. As determined by case law, a Note qualifies as equity if:

- (i) the Note is subordinated to senior debt of the Issuer;
- (ii) the Note does not have a final maturity date or has a term of more than 50 years; and
- (iii) any amount whatsoever to be paid under the Note is, either wholly or mainly dependent on the amount of profits realised or distributed by the Dutch Issuer.

Under the circumstances, exemptions from, reductions in, or refunds of withholding tax may be available pursuant to Dutch domestic tax law or treaties for the avoidance of double taxation.

### 3. INDIVIDUAL AND CORPORATE INCOME TAX

A Noteholder will not be subject to any Dutch Taxes on any payment made to the Noteholder under the Notes or on any capital gain made by the Noteholder from the disposal, or deemed disposal, or redemption of, the Notes, except if:

- (i) the Noteholder is an individual and receives or has received any benefits from the Notes as employment income, deemed employment income or otherwise as compensation; or
- (ii) the Noteholder is, or is deemed to be, resident in the Netherlands for Dutch (corporate) income tax purposes; or
- (iii) the Noteholder is an individual and has opted to be taxed as if resident in the Netherlands for Dutch income tax purposes; or
- (iv) the Noteholder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of the enterprise, other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through

a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands to which the Notes are attributable; or

- (v) the Noteholder is an individual and derives benefits from miscellaneous activities (*overige werkzaamheden*) carried out in the Netherlands in respect of the Notes, including (without limitation) activities which are beyond the scope of active portfolio investment activities; or
- (vi) the Noteholder has a substantial interest, or a fictitious substantial interest (*fictief aanmerkelijk belang*), in the Issuer, which is not part of the assets of an enterprise; or
- (vii) the Noteholder is entitled other than by way of the holding of securities to a share in the profits of an enterprise effectively managed in the Netherlands to which the Notes are attributable.

Generally, a Noteholder has a substantial interest if such Noteholder, alone or together with his partner, directly or indirectly:

- (i) owns, or holds certain rights on, shares representing five percent or more of the total issued and outstanding capital of the Issuer, or of the issued and outstanding capital of any class of shares of the Issuer;
- (ii) holds rights to acquire shares, whether or not already issued, representing five percent or more of the total issued and outstanding capital of the Issuer, or of the issued and outstanding capital of any class of shares of the Issuer; or
- (iii) owns, or holds certain rights on, profit participating certificates that relate to five percent or more of the annual profit of the Issuer or to five percent or more of the liquidation proceeds of the Issuer.

A Noteholder who has the ownership of shares of the Issuer, will also have a substantial interest if his partner or one of certain relatives of the Noteholder or of his partner has a (fictitious) substantial interest.

Generally, a Noteholder has a fictitious substantial interest if, without having an actual substantial interest in the Issuer:

- (i) an enterprise has been contributed to the Issuer in exchange for shares on an elective non-recognition basis;
- (ii) the shares have been obtained under inheritance law or matrimonial law, on a non-recognition basis, while the disposing shareholder had a substantial interest in the Issuer;
- (iii) the shares have been acquired pursuant to a share merger, legal merger or legal demerger, on an elective non-recognition basis, while the Noteholder prior to this transaction had a substantial interest in the Issuer that was party thereto; or
- (iv) the shares held by the Noteholder, prior to dilution, qualified as a

substantial interest and, by election, no gain was recognised upon dequalification of these shares.

#### **4. GIFT TAX OR INHERITANCE TAX**

No Dutch gift tax or inheritance tax is due in respect of any gift of the Notes by, or inheritance of the Notes on the death of, a Noteholder, except if:

- (a) the Noteholder is resident, or is deemed to be resident, in the Netherlands; or
- (b) at the time of the gift or death of the Noteholder, his Notes are attributable to an enterprise (or an interest in an enterprise) which is, in whole or in part, carried on through a permanent establishment or permanent representative in the Netherlands; or
- (c) the Noteholder passes away within 180 days after the date of the gift of the Notes and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident in the Netherlands; or
- (d) the Noteholder is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Notes are attributable.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, any individual, irrespective of his nationality, will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift. Furthermore, under circumstances a Noteholder will be deemed to be resident in the Netherlands for purposes of Dutch gift and inheritance tax, if the heirs jointly or the recipient of the gift, as the case may be, so elect.

#### **5. OTHER TAXES**

No other Dutch Taxes, including turnover tax and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a Noteholder by reason only of the issue, acquisition or transfer of the Notes.

#### **6. RESIDENCY**

Subject to the exceptions above, a Noteholder will not become resident, or a deemed resident, in the Netherlands for tax purposes, or become subject to Dutch Taxes, by reason only of the Issuer's performance, or the Noteholder's acquisition (by way of issue or transfer to it), holding and/or disposal of the Notes.

#### **7. EU SAVINGS DIRECTIVE**

As of 1 July 2005, based on Directive 2003/48/EC, the tax authorities of the EU Member States provide each other with details of payments of interest and similar income made to individuals who are the beneficial owner of those payments, but permits Austria, Belgium and Luxembourg instead to impose a withholding tax on the payments concerned for a "transitional period". The Directive also provides that no such withholding tax should be levied where the beneficial

owner of the payment authorises an exchange of information and/or where the beneficial owner presents a certificate from the tax authority of the EU Member State in which the beneficial owner is resident. A number of non-EU countries and certain dependent or associated territories have agreed to adopt similar measures (in certain cases on a reciprocal basis). The Directive does not preclude EU Member States from levying other types of withholding tax.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated 13 March 2008 (the "**Programme Agreement**") (as supplemented from time to time) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are 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 such Notes to the public in that relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a '**Non-exempt Offer**') following the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the date specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3 (2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the 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 Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

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

- (a) in relation to any Notes having 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 :
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.
- (b) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of Notes in circumstances in which Section 21(1) of the FSMA does not 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.

### **United States of America**

1. The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of, or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer

represents and agrees that it has offered and sold any Notes, and will offer and sell any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and notified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer further represents and agrees that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer who has subscribed for Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche subscribed for by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and notify to the Agent the completion of the distribution by it of the Notes of such Tranche. On the basis of such notification or notifications, the Agent will notify such Dealer/Lead Manager of the end of the distribution compliance period with respect to such Tranche. Each Dealer also agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

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

Terms used in this sub-clause 1(1) have the meanings given to them by Regulation S.

2. In addition (but only in relation to Notes with an initial maturity in excess of 365 days): *where TEFRA D is specified in the applicable Final Terms*:
  - (a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**"), each Dealer (a) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (b) represents that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
  - (b) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

- (c) if it is a United States person, each Dealer represents that it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each affiliate that acquires Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf.

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

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

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

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

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except under circumstances which will result in compliance with all applicable laws, regulations and guidelines of Japan in effect at the relevant time.

## **The Netherlands/Global**

Zero Coupon Notes in definitive form may only be transferred or accepted directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam with due observance of the Savings Certificates Act (*Wet inzake*



*Spaarbewijzen*) (including identification and registration requirements) (as amended), provided that no mediation is required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer and delivery by individuals who do not act in the conduct of a profession or trade, and (iii) the issue and trading of those Notes, if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter. As used herein, "**Zero Coupon Notes**" are Notes which qualify as savings certificates under the Savings Certificates Act, i.e. 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 that:

(a) it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation of those Notes has been approved by the *Autorité des marchés financiers* ("**AMF**"), on the date of its publication or (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF and ending at the latest on the date which is 12 months after the date of the approval of the prospectus, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

(b) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the applicable Final Terms or any other offering material 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 and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D411-1 of the French *Code monétaire et financier*.

## **Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in Italy in a solicitation to the public and that sales of the Notes by such Dealer in Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers represents and agrees that it will not offer, sell or deliver any Notes or distribute copies of the Base Prospectus or any other document relating to the Notes in Italy except:

- (i) to "**Professional Investors**", as defined in Article 31, paragraph 2 of CONSOB Regulation No. 11522 of 1 July 1998, as amended ("**Regulation No. 11522**"), pursuant to Article 30, paragraph 2 and Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"); or

- (ii) in any other circumstances where an express exemption to comply with the solicitation restrictions provided under Decree No. 58 or CONSOB Regulation No. 11971 of 14 May 1999, as amended, applies.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended ("**Decree No. 385**"), Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations;
- (b) in compliance with Article 129 of Decree No. 385 and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption applies, depending, *inter alia*, on the aggregate amount and the characteristics of the Notes issued or offered in Italy; and
- (c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Potential investors should also note that Article 100-bis of Decree No. 58 affects the transferability of the Notes in Italy to the extent that an offer of Notes (or any part of such offer) is made solely to professional investors and such Notes are then transferred in Italy during the period of 12 months from the date of issue of the Notes. Where this occurs, professional investors who sell the Notes to non-professional investors may be liable to such non-professional investors for any amounts due by the Issuer in connection with the Notes, even where the sale by the professional investor took place at the express request of the purchaser. The above provisions will not apply where the professional investor, prior to any such transfer of the Notes, delivered to the purchaser an information document containing all such information as is required by CONSOB. As at the date hereof, CONSOB has not implemented any regulations specifying the content of such information document.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or deliveries and the Issuer shall not have any responsibility therefore. Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the relevant Dealer will be required to comply with any other additional restrictions set out in the applicable Final Terms.

## **GENERAL INFORMATION**

### **Listing**

Application has been made for Notes issued under the Programme to be admitted to trading on Euronext Amsterdam and the regulated market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by the Luxembourg Stock Exchange or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as the Issuer and the relevant Dealer(s) may agree.

### **Authorisations**

The regular update of the Programme was authorised by a resolution of the Board of Management on 18 February 2008 and a resolution of the Supervisory Board on 26 October 2005. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### **Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or Euroclear Netherlands. The appropriate common code and the International Securities Identification Number and Fondscode in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

#### *Clearing systems addresses*

The address of Euroclear is 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg. The address of Euroclear Netherlands is Damrak 70, 1012 LM Amsterdam, the Netherlands.

### **Litigation**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) 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 the Issuer and its group taken as a whole.

### **No significant change**

Since 31 December 2006, the last day of the financial period in respect of which the most recent audited annual report of the Issuer have been prepared, there has been no material adverse change in the (financial) condition or prospects of the Issuer and its group taken as whole.

### **Documents available for inspection**

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Agent, namely:

- (a) the articles of association (*statuten*) of the Issuer and an English translation thereof;
- (b) the annual audited reports of the Issuer for the two most recent financial years and the most recently available published unaudited semi-annual financial statements of the Issuer;
- (c) the Programme Agreement and the Agency Agreement (which contains the forms of the temporary and permanent global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons);
- (d) a copy of this Base Prospectus;
- (e) the Operating & Administrative Procedures Memorandum (which contains the forms of the Notes in global and definitive form);
- (f) reports, letters, balance sheets, valuations and statements of experts included or referred to in listing particulars (other than consent letters); and
- (g) any Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system and/or Notes which are offered to the public. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders.)

### **Financial statements available**

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of the Agent, namely:

- (a) the most recent publicly available audited consolidated financial statements of the Issuer beginning with such financial statements for the years ended 2005 and 2006; and
- (b) the most recent publicly available unaudited consolidated semi-annual financial statements (if any) of the Issuer beginning with such financial statements for the half year ended 2007.

No financial data in this Base Prospectus has been extracted from any other source than the financial statements of 2005 and 2006, or the financial information of the half year ended 30 June 2007.

### **External Accountant**

Ernst & Young Accountants of Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands has been appointed as external accountant to Friesland Bank. The partner of Ernst

& Young Accountants who has audited the financial statements of the Issuer is a member of the Dutch Institute for Chartered Accountants (*Koninklijk Nederlands Instituut van Registeraccountants*).

Ernst & Young Accountants has given its consent to the inclusion in the Base Prospectus of the incorporation by reference of the financial statements of the Issuer.

## REGISTERED OFFICE OF THE ISSUER

**Friesland Bank N.V.**  
Beursplein 1  
8911 BE Leeuwarden  
The Netherlands

## AGENT

**Dexia Banque Internationale à Luxembourg, société anonyme**  
69 Route d'Esch  
L-2953 Luxembourg  
Luxembourg

## PAYING AGENT

**ABN AMRO Bank N.V.**  
Kemelstede 2  
4817 ST Breda  
The Netherlands

## LEGAL ADVISERS

*To the Issuer*  
**De Brauw Blackstone  
Westbroek N.V.**  
Tripolis  
Burgerweeshuispad 301  
1076 HR Amsterdam  
The Netherlands

*To the Dealers*  
**Clifford Chance LLP**  
Droogbak 1a  
1013 GE Amsterdam  
The Netherlands

## AUDITORS TO THE ISSUER

**Ernst & Young Accountants**  
Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

## AMSTERDAM LISTING AGENT

**ABN AMRO Bank N.V.**  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

## LUXEMBOURG LISTING AGENT

**Dexia Banque Internationale à  
Luxembourg, société anonyme**  
69 Route d'Esch  
L-2953 Luxembourg  
Luxembourg

## **ARRANGER**

### **ABN AMRO Bank N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

## **DEALERS**

### **ABN AMRO Bank N.V.**

250 Bishopsgate  
London EC2N 4AA  
United Kingdom

### **Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

### **Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

### **DZ BANK AG**

**Deutsche Zentral-Genossenschaftsbank,  
Frankfurt am Main**  
Platz der Republik  
60265 Frankfurt am Main  
Germany

### **Fortis Bank NV/SA**

Montagne du Parc 3  
1000 Brussels  
Belgium

### **Friesland Bank N.V.**

Beursplein 1  
8911 BE Leeuwarden  
The Netherlands

### **ING Bank N.V.**

Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

### **Kempen & Co N.V.**

Beethovenstraat 300  
1077 WZ Amsterdam  
The Netherlands