ABN AMRO Bank N.V.

(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Chamber of Commerce under number 34334259)

US$25,000,000,000 Program for the Issuance of Senior/Subordinated Medium Term Notes

Under this Debt Issuance Program (the "**Program**"), U.S. Senior Medium Term Notes (the "**Senior Notes**") and Subordinated Medium Term Notes (the "**Subordinated Notes**"; and the Senior Notes together with the Subordinated Notes herein collectively referred to as the "**Notes**") are being offered on a continuous basis by ABN AMRO Bank N.V. ("**ABN AMRO Bank**" or the "**Issuer**") from time to time through one or more of the agents appointed by the Issuer from time to time (for so long as each shall so remain, an "**Agent**" and, collectively, the "**Agents**"). The aggregate principal amount of Notes outstanding at any one time may not exceed US$25,000,000,000 (or its equivalent based upon the applicable exchange rate at the time of issuance, if any Notes are denominated in one or more non-U.S. currencies or currency units), subject to increase as described in this base prospectus (the "**Base Prospectus**"). The Senior Notes will be unsecured and unsubordinated obligations and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations, save for those preferred by mandatory and/or overriding provisions of law. The Subordinated Notes will constitute unsecured obligations of the Issuer and will rank (i) *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms to rank lower than the Subordinated Notes) and (ii) junior to those obligations expressed by their terms to rank in priority to the Subordinated Notes and those preferred by mandatory and/or overriding provisions of law. The Senior Notes and the Subordinated Notes are governed by the laws of The Netherlands. The Agents have agreed to use reasonable best efforts to solicit purchasers of such Notes. The Issuer may sell Notes to an Agent acting as principal for its own account for resale to investors and other purchasers. The Issuer has also reserved the right to sell, and may solicit and accept offers to purchase, Notes directly on its own behalf. The terms of each particular issue of Notes will be established by the Issuer and specified in the applicable Pricing Term Sheet and/or Final Terms (each as defined in "*Important Information*"). The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. state securities law, and are being offered and sold, (A) within the United States to "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (B) in an offshore transaction to a non-U.S. person within the meaning of Regulation S in accordance with Rule 903 or 904 of Regulation S under the Securities Act ("**Regulation S**"), in each case in accordance with applicable securities laws of any state of the United States. Prospective purchasers are hereby notified that the seller of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Issuer reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Issuer or the Agents may reject any offer to purchase Notes, in whole or in part. See "*Plan of Distribution*".

Application has been made to Euronext Amsterdam N.V. for certain Notes issued under the Program for the period of 12 months from the date of this Base Prospectus to be admitted to listing and trading on Euronext Amsterdam, the regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). In addition, Notes issued under the Program may be listed or admitted to trading, as the case may be, on any other stock exchange or market specified in the applicable Pricing Term Sheet and/or Final Terms. The Issuer may also issue unlisted Notes under the Program.

Prospective investors should carefully consider the risks described under the section headed "*Risk Factors*" beginning on page 15 of this Base Prospectus prior to making an investment decision with respect to the Notes.

EACH INITIAL AND SUBSEQUENT PURCHASER OF THE NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS AS SET FORTH IN THIS BASE PROSPECTUS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF NOTES AND MAY IN CERTAIN CIRCUMSTANCES BE REQUIRED TO PROVIDE CONFIRMATION OF COMPLIANCE WITH SUCH RESALE OR TRANSFER RESTRICTIONS DESCRIBED IN "*NOTICE TO PURCHASERS*" AND "*PLAN OF DISTRIBUTION*".

The Notes will be issued in registered, book-entry form only and will be eligible for clearance through the facilities of The Depository Trust Company ("**DTC**") and its direct and indirect participants, including Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or directly through Euroclear and Clearstream, Luxembourg.

Notes issued under this Program may be rated or unrated. Where an issue of Notes is rated, its rating may not necessarily be the same as the rating applicable to this Program. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. Each of Moody's Investors Service, Limited ("**Moody's**"), Standard & Poor's Credit Market Services France SAS, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and Fitch Ratings Ltd. ("**Fitch**") are credit rating agencies established and operating in the European Community prior to 7 June 2010 and have submitted an application for registration in accordance with the CRA Regulation and are registered under the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

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

ABN AMRO **Morgan Stanley**

BofA Merrill Lynch **Citigroup** **Goldman, Sachs & Co.** **J.P. Morgan**

BASE PROSPECTUS DATED 24 APRIL 2017

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NOTICE TO PURCHASERS

THE ISSUER HAS NOT REGISTERED THE NOTES NOR DOES THE ISSUER INTEND TO, OR HAVE ANY OBLIGATION TO, REGISTER THE NOTES PURSUANT TO THE SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY STATE AND THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY. NEITHER THE SEC NOR ANY OF THE FOREGOING AUTHORITIES HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS OR ANY SUPPLEMENT HERETO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES. THE NOTES ARE BEING OFFERED AND SOLD TO QIBS IN RELIANCE UPON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A OR ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND IN AN OFFSHORE TRANSACTION TO A NON-U.S. PERSON WITHIN THE MEANING OF REGULATION S IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT.

This Base Prospectus has been prepared by ABN AMRO Bank solely for use in connection with the proposed offering of Notes described in this Base Prospectus. Each initial and subsequent purchaser of a Note or Notes offered hereby in making its purchase will be deemed to have acknowledged, represented and agreed as follows:

1. The Notes have not been and will not be registered under the Securities Act or any other applicable securities law and, accordingly, none of the Notes may be offered, sold, transferred, pledged, encumbered or otherwise disposed of unless either registered pursuant to, or in a transaction not subject to the registration requirements under, the Securities Act and any other applicable securities law.

2. It acknowledges that this Base Prospectus has been prepared in accordance with the rules and regulations of Euronext Amsterdam, the Dutch *Stichting Autoriteit Financiële Markten* ("**AFM**"), the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations ("**Wft**") and Article 5.4 of Directive 2003/71/EC, as amended or supplemented from time to time (the "**Prospectus Directive**"), which have disclosure requirements that are different from those of the United States. In particular, this Base Prospectus does not include certain statistical disclosures in the form that would be required in offerings registered under the Securities Act.

3. It acknowledges that the financial information included or incorporated by reference in this Base Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS-EU**"), and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States ("**U.S. GAAP**"). In particular, initial and subsequent purchasers acknowledge the disclosures related to ABN AMRO Bank set out in the sections entitled "*Risk Factors*" and "*Presentation of Financial Information*" relating to the financial information included or incorporated by reference in this Base Prospectus.

4. Either (A) it is a QIB and is purchasing for its own account or solely for the account of one or more accounts for which it acts as a fiduciary or agent, each of which account is a QIB, and such purchaser acknowledges that it is aware that the seller may rely upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or (B) it is a purchaser acquiring such Notes in an offshore transaction within the meaning of Regulation S and that it is not a "**U.S. Person**" (as defined in Regulation S) and is not acquiring such Notes for the account or benefit of a U.S. Person.

5. It agrees on its own behalf and on behalf of any institutional account for which it is purchasing Notes, to offer, sell or otherwise transfer such Notes (A) only in minimum principal amounts of US$200,000 or, in the case of Notes not denominated in U.S. dollars ("**Foreign Currency Notes**"), the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of such foreign currency, and integral multiples of US$1,000 or, in the case of Foreign Currency Notes, 1,000 units of such foreign currency in excess thereof, **provided that** in no

event the minimum denomination will be lower than EUR 100,000 or the equivalent thereof at the date of issue of the relevant Notes and (B) prior to the date that is one year (or such shorter period of time as permitted by Rule 144(b) under the Securities Act) after the later of (i) the original issue date of such Notes (or any subsequent reopening) and (ii) the last date on which the Issuer thereof or any affiliate of the Issuer was the beneficial owner of such Notes (or any predecessor of such Notes) only (a) pursuant to the exemption from the registration requirements of the Securities Act provided by either Rule 144A or Regulation S, (b) to the Issuer or any of its subsidiaries or an Agent that is a party to the Private Placement Agreement dated 9 November 2010, as amended and restated on 24 April 2017, referred to in this Base Prospectus or (c) pursuant to an exemption from such registration requirements as confirmed in an opinion of counsel satisfactory to the Issuer. It acknowledges that each Note will contain a legend substantially to the effect of the foregoing paragraph 1 and this paragraph 5.

6. It acknowledges that the Registrar referred to herein will register the transfer of any Definitive Note resold or otherwise transferred by such purchaser pursuant to clauses (a) or (c) of the foregoing paragraph 5 only: (A) in the case of a sale or other transfer pursuant to such clause (a), upon receipt from the transferor of a certificate to the effect that the person making such certification is acquiring such Note (or beneficial interest) for its own account or one or more accounts with respect to which it exercises sole investment discretion and that it and each such account is a QIB; (B) in the case of a sale or other transfer pursuant to such clause (c), upon receipt of an opinion of counsel satisfactory to the Issuer.

7. Either (A) it is not (i) an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), (iii) an entity whose underlying assets include, or are deemed for purposes of ERISA or the code to include "plan assets" by reason of such plan investment in the entity, or (iv) a governmental, church or other plan ("**non-ERISA arrangement**") subject to provisions under applicable federal, state, local or non-U.S. law that are similar to the requirements of section 404 of ERISA or Section 4975 of the Code ("**similar law**") or (B) its purchase and holding of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 404 of ERISA or 4975 of the Code or, in the case of a non-ERISA arrangement, its purchase and holding of such Notes will not constitute or result in a non-exempt violation of the provisions of any similar law.

8. It acknowledges that the Issuer, any Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and it agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by it in connection with its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and, if applicable, any Agent through which it purchased any Notes. If it is acquiring any Notes as a fiduciary or agent for one or more institutional accounts, it represents that it has sole investment discretion with respect to each such institutional account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such institutional account.

Each person receiving this Base Prospectus and any supplement (including any applicable Pricing Term Sheet and/or the Final Terms (each as defined in "*Overview—The Program and Terms and Conditions of the Notes*"), as the case may be) acknowledges that (i) such person has been afforded an opportunity to request from the Issuer and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein, (ii) it has not relied on any Agent or any person affiliated with any Agent in connection with its investigation of the accuracy and completeness of such information or its investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the Issuer or the Notes offered hereby other than those contained herein or incorporated by reference and, if given or made, such other information or representation should not be relied upon as having been authorized by the Issuer or any Agent.

By accepting delivery of this Base Prospectus, each person receiving it agrees not to make any photocopies of this Base Prospectus or any documents referred to herein and not to use any information herein for any purpose other than considering an investment in the Notes.

This Base Prospectus and any Pricing Term Sheet and/or Final Terms, as the case may be, do not constitute, and are not being used by the Issuer, any Agent or any affiliate and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Base Prospectus or any Pricing Term Sheet and/or Final Terms, as the case may be, in any jurisdiction where such action is required.

Notwithstanding anything to the contrary contained herein, a holder (and each employee, representative, or other agent of a Noteholder) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this Base Prospectus and all materials of any kind that are provided to the holder relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions with holders regarding the transaction contemplated herein.

OVERVIEW

This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference herein. Due to the complex nature of ABN AMRO's recent corporate history, selected definitions are used throughout this Overview (see "Selected Definitions and Abbreviations—Definitions" on page 308 for a concise overview of selected definitions used throughout this Base Prospectus).

The Bank

ABN AMRO is a full-service bank, with a primary focus on The Netherlands and selective operations internationally, serving retail private and corporate banking clients based on an in-depth financial expertise and extensive knowledge of numerous industry sectors. ABN AMRO is also internationally active in a number of specialized activities such as energy, commodities & transportation ("**ECT**") and clearing, private banking and asset based lending in a select number of countries.

History and recent developments

ABN AMRO has a long-standing history in banking and roots that go back for centuries.

The formation of ABN AMRO is the result of various legal and operational separations, combinations and restructurings arising from the acquisition of ABN AMRO Holding N.V. by the Consortium in October 2007. In October 2008, the Dutch State acquired Fortis Bank Nederland (Holding) N.V. ("**FBN**"). In December 2008, the Dutch State directly acquired FBN's interest in RFS Holdings B.V. This interest comprised Dutch commercial clients (small and medium enterprises ("**SMEs**") and corporates), Dutch consumer clients and Dutch and international private clients (including the international diamonds and jewellery business) of the Former ABN AMRO Group.

As a result of the Legal Demerger and Legal Separation, ABN AMRO Bank was formally separated from the Former ABN AMRO Group and transferred to ABN AMRO Group N.V. by 1 April 2010. Effective 1 July 2010, FBN and ABN AMRO Bank merged to form the new ABN AMRO Bank N.V., a wholly-owned subsidiary of ABN AMRO Group N.V.

On 1 April 2010, ABN AMRO completed the sale of the EC Remedy Businesses to Deutsche Bank. This sale was a prerequisite set by the European Commission for the integration of the Dutch State acquired businesses and FBN into the new ABN AMRO Bank. The operational separation of the EC Remedy Businesses was finalized in 2012. The sale of the EC Remedy Businesses to Deutsche Bank included a financial guarantee that covered part of the potential credit losses on the portfolio existing at the time of the closing of the transaction (the "**Credit Umbrella**") and a cross liability with New HBU II N.V. In 2012, the Credit Umbrella was terminated.

On 1 July 2015 the Dutch Parliament approved the Dutch Government's decision to return ABN AMRO to the private market and on 20 November 2015 ABN AMRO Group N.V. was listed and trading in the depositary receipts for ordinary shares commenced. On 17 November 2016 additional depositary receipts representing ordinary shares in ABN AMRO Group N.V. were sold. Following the settlement, the stake of the Dutch State declined from 77% to 70%.

Figures at a glance

ABN AMRO's results of operations are presented based on underlying results. Underlying results are non-IFRS measures and have not been audited or reviewed. Management believes these underlying results provide a better understanding of the underlying trends in financial performance. The underlying results have been derived by adjusting the reported results, which are reported in accordance with IFRS, for defined Special Items (see "*The Issuer—4. Operating and Financial Review*").

In 2016, ABN AMRO generated underlying net profit of EUR 2,076 million (2015: underlying net profit of EUR 1,924 million), had an underlying cost/income ratio of 65.9% (2015: 61.8% underlying), Client Assets of EUR 322.7 billion (as at 31 December 2015: EUR 313.5 billion), total assets of EUR 394,482 billion (as at 31 December 2015: EUR 407,373 billion), risk-weighted assets (risk exposure amount) of EUR 104.2 billion (as at 31 December 2015: EUR 108.0 billion) and a phase–in Tier 1 ratio of 17.9% (as at 31 December 2015: 16.9% phase-in).

Selected consolidated financial information

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	6,277	6,076
Net fee and commission income	1,743	1,829
Other operating income	568	550
Operating income	*8,588*	*8,455*
Personnel expenses	2,777	2,492
Other expenses	2,880	2,736
Operating expenses	5,657	5,228
Operating result	2,931	3,227
Impairment charges on loans and other receivables	114	505
Profit/(loss) before tax	***2,817***	***2,722***
Income tax expense	740	798
Underlying profit/(loss) for the period	**2,076**	**1,924**
Special items	(271)	
Reported profit/(loss) for the period	**1,806**	**1,924**
Of which Non-controlling interests	*1*	*5*

	Year ended 31 December	
	2016	**2015**
Underlying net interest margin (in bps) [1]	152	146
Underlying cost/income ratio	65.9%	61.8%
Underlying cost of risk [1] [2] (in bps)	4	19
Underlying return on average Equity (IFRS)[3]	11.8%	12.0%
Underlying earnings per share[4] (in EUR)	2.16	2.03

	Year ended 31 December	
	2016	**2015**
Client Assets[5] (in EUR billion)	322.7	313.5
FTEs	21,664	22,048

(1) For management view purposes, the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

(2) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

(3) Underlying profit for the period excluding reserved coupons for AT1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.

(4) Underlying profit for the period excluding reserved coupons for AT1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

(5) Clients Assets consist of assets including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of maximising the investment result. Client Assets also include cash and securities of clients held on accounts with ABN AMRO.

The Program and Terms and Conditions of the Notes

Issuer:	ABN AMRO Bank N.V.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfill its obligations under the Notes and certain other risks related to the Notes issued under the Program. These factors and risks include risks relating to the Issuer (see "*Risk Factors—Risks relating to the Issuer's business and industry*") and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Program, including in relation to the structure of a particular issue of Notes (see "*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Program*" and "*Risk Factors—Risks related to the structure of a particular issue of Notes*"). These are set out under "*Risk Factors*" below and include the fact that the Issuer's results can be adversely affected by (i) general economic conditions and other business conditions, (ii) competition, (iii) regulatory change and (iv) general banking risks including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risks.
Program Description:	Debt Issuance Program for the issuance of Senior Medium Term Notes and Subordinated Medium Term Notes.
Arrangers:	ABN AMRO Bank and Morgan Stanley & Co. LLC.
Agents:	ABN AMRO Bank (outside U.S. only), Morgan Stanley & Co. LLC, Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.
Fiscal Agent and Transfer Agent	The Bank of New York Mellon, London Branch.
U.S. Paying Agent and U.S. Registrar	The Bank of New York Mellon, New York.
European Paying Agent and European Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Trustee:	None.
Size:	The aggregate principal amount (or, in the case of Notes issued at a discount from the principal amount, the aggregate initial offering price) of Notes outstanding at any time shall not exceed US$25,000,000,000 or the approximate equivalent thereof in another currency calculated as at the issue date of the relevant Notes.
Distribution:	The Issuer is offering the Notes from time to time to or through the Agents. The Issuer may also sell Notes to the Agents acting as principals for resale to QIBs and to certain persons that are not U.S. persons (as defined in Regulation S) and may sell Notes directly on its own behalf. See "*Notice to Purchasers*" and "*Plan of Distribution*". The method of distribution of each Tranche will be stated in the applicable Final Terms and/or Pricing Term Sheet.
Currencies:	Notes will be denominated in U.S. dollars unless otherwise specified in the applicable Final Terms. Subject to any applicable legal or regulatory restrictions, the Issuer may also issue Notes denominated in such currencies as may be agreed between the Issuer and the relevant Agent (if any), including, without limitation, Australian dollars, Canadian dollars, Euro, Hong Kong dollars, New Zealand dollars,

Sterling, Swiss francs and Japanese yen. See "*Special Provisions Relating to Foreign Currency Notes*".

Maturities: Any maturity, subject to applicable laws, regulations and restrictions and subject, in the case of Senior Notes, to a minimum maturity of one month.

Issue Price: Notes may be issued at any issue price which is at par or at a discount to, or premium over, par.

Use of Proceeds: The net proceeds from each issuance of Senior Notes will be used for the general corporate purposes of ABN AMRO. The net proceeds from each issuance of Subordinated Notes may be used to strengthen or replace the capital base of ABN AMRO and/or to support the continuing growth of its business. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, together with the expenses of the issuance (if applicable).

Issuance in Series: Notes will be consecutively numbered and issued in series (each a "**Series**"). Each Series may comprise one or more tranches ("**Tranches**" and each a "**Tranche**") issued on different dates. The Notes of each Series will all be subject to identical terms, whether as to currency, interest, maturity or otherwise, or terms which are identical except that the issue dates, the amount of the first payment of interest and/or the denomination thereof may be different. The Notes of each Tranche will all be subject to identical terms in all respects except that a Tranche may comprise Notes of different denominations.

Form of Notes and Clearance: The Notes may be offered (i) within the United States to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act or (ii) in an offshore transaction to a non U.S. person within the meaning of Regulation S in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

Depending on where the relevant Notes are offered, the Notes will clear through one or more of DTC, Euroclear and Clearstream, Luxembourg or any successor thereto. Notes sold pursuant to an offering under the Program will be issued in global registered form (each, a "**Global Certificate**"). Notes sold pursuant to an offering made within the United States only will be issued in global registered form and will clear through DTC. Such Notes will be represented by one or more Global Certificates deposited with the U.S. Registrar as custodian for, and registered in the name of a nominee of, DTC (each, a "**Rule 144A Global Certificate**"). Notes represented by DTC Global Certificates will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such Notes will therefore settle in immediately available funds. Except as described below, Notes sold pursuant to an offering made outside the United States only will be issued in global registered form and may clear through one or more of Euroclear and Clearstream, Luxembourg. Such Notes will be represented by one or more Global Certificates (each, a "**Euro Regulation S Global Certificate**"), (i) delivered, where such Euro Regulation S Global Certificate is held under the New Safekeeping Structure ("**NSS**"), with a common safekeeper for Euroclear and Clearstream, Luxembourg, and registered in the name of, or the name of a nominee of, the common safekeeper or (ii) deposited, where such Euro Regulation S Global Certificate is not held under the NSS, with a

common depositary for, and registered in the name of, or the name of a nominee of the common depository of, Euroclear or Clearstream, Luxembourg, as the case may be or such other clearing system as may be identified in the applicable Final Terms and/or Pricing Term Sheet. Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering will be issued in global registered form and may (i) in the case of Notes not held under the NSS, clear through one or more of DTC, Euroclear and Clearstream, Luxembourg, or (ii) in the case of Notes held under the NSS, clear through either Euroclear or Clearstream, Luxembourg, as specified in the applicable Pricing Term Sheet and/or Final Terms. Such Notes may be represented either (i) solely by one or more Rule 144A Global Certificates registered in respect of Notes sold in the United States and one or more Global Certificates deposited with the U.S. Registrar as custodian for, and registered in the name of a nominee of, DTC, registered in respect of Notes sold outside the United States (each, a "**DTC Regulation S Global Certificate**", and, together with any Rule 144A Global Certificate, each a "**DTC Global Certificate**", such arrangement referred to herein as a "**Single Global Note Issue**") or (ii) alternatively, by one or more Rule 144A Global Certificates so deposited and registered in respect of Notes sold in the United States, and a separate Euro Regulation S Global Certificate (a) delivered, where such Euro Regulation S Global Certificate is held under the NSS, with a common safekeeper for Euroclear and Clearstream, Luxembourg, and registered in the name of, or the name of a nominee of, the common safekeeper or (b) deposited, where such Euro Regulation S Global Certificate is not held under the NSS, with a common depositary for, and registered in the name of, or the name of a nominee of, Euroclear or Clearstream, Luxembourg, as the case may be, in respect of Notes sold outside the United States. Such arrangement is referred to herein as a "**Dual Global Note Issue**".

Ownership of beneficial interests in Global Certificates will be evidenced only by, and transfers thereof will be effected only through, records maintained by the relevant clearing system through which such interests are held and its direct and indirect participants. Owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of Notes in individual definitive certificated registered form except in certain limited circumstances, including closure of the relevant clearing system(s). Any interests in a Global Certificate will be transferable only in accordance with the rules and procedures for the time being as in effect from time to time of DTC, Euroclear and/or Clearstream, Luxembourg or such other applicable clearing system as the case may be.

Fixed Rate Notes: Fixed interest will be payable in arrears on the date or dates specified in the applicable Final Terms and/or Pricing Term Sheet and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and any relevant Agent (as indicated in the applicable Final Terms and/or Pricing Term Sheet).

Floating Rate Notes: Floating Rate Notes will bear interest either (a) at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in U.S. dollars or, if in any currency other than U.S. dollars (the "**Specified Currency**"), the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or (b) 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 Agent (as indicated in the applicable Final Terms and/or Pricing Term Sheet).

The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms and/or Pricing Term Sheet.

Other provisions in relation to Floating Rate Notes:

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and any relevant Agent (if any), 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 Agent (if any) (as indicated in the applicable Final Terms and/or Pricing Term Sheet).

Zero Coupon Notes:

Senior Notes specified to be Zero Coupon Notes will be offered and sold at a discount to their nominal amount or at par and will not bear interest other than in the case of late payment as may be specified in the applicable Final Terms and/or Pricing Term Sheet.

Redemption:

The applicable Final Terms and/or Pricing Term Sheet will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified installments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms and/or Pricing Term Sheet) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms and/or Pricing Term Sheet.

Regulatory Call Option in respect of Subordinated Notes

If Regulatory Call of Subordinated Notes is specified in the applicable Final Terms and/or Pricing Term Sheet in respect of Subordinated Notes such Notes will be redeemable at the option of the Issuer upon the occurrence of a Capital Event at the amount and on the date(s) specified in the applicable Final Terms and/or Pricing Term Sheet subject to (i) the prior written permission of the Competent Authority **provided that** at the relevant time such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) the Issuer demonstrating to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and upon giving not less than 30 nor more than 60 days' irrevocable notice.

The applicable Final Terms and/or Pricing Term Sheet may provide that Notes may be repayable in two or more installments of such amounts and on such dates as indicated in it.

"**Capital Event**", "**CRD IV Regulation**" and "**Competent Authority**" have the meanings ascribed thereto in Condition 6 (*Redemption and Purchase*) of the Terms and Conditions of the Subordinated Notes.

Denomination of Notes:

The Notes will be issued in minimum denominations of US$200,000 or, in the case of Foreign Currency Notes, the equivalent thereof in such foreign currency, rounded down to the nearest 100,000 units of

such foreign currency, and integral multiples of US$1,000 or, in the case of Foreign Currency Notes, 1,000 units of such foreign currency in excess thereof, **provided that** in no event the minimum denomination will be lower than EUR100,000 or the equivalent thereof at the date of issue of the relevant Notes.

See "*Special Provisions Relating to Foreign Currency Notes*" for additional information regarding Foreign Currency Notes.

Payments: Except as otherwise set forth in the applicable Pricing Term Sheet and/or Final Terms, the Issuer will be obligated to make payments of principal and premium, if any, and interest on the Notes in the currency in which such Notes are denominated. Except as otherwise set forth herein or in the applicable Pricing Term Sheet and/or Final Terms, any such amounts to be paid by the Issuer in respect of DTC Global Certificates denominated in currencies other than in U.S. Dollars will, unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, or unless the holder of a Foreign Currency Note elects to receive payments in the Specified Currency, be converted into U.S. Dollars for payment to the holders thereof, in each case as described under Condition 5 (*Payments*).

Taxation: As specified in the applicable Final Terms and/or Pricing Term Sheet, payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in The Netherlands, unless such withholding or deduction is required by law. In that event, the Issuer will either (i) not pay any additional amounts or (ii) pay such additional amounts as will be necessary in order that the net amounts received by holders of the Notes 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 as the case may be, in the absence of such withholding or deduction, all as provided in Condition 7 (*Taxation*).

Negative Pledge: None.

Cross Default: None.

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

Status and Subordination Terms of the Subordinated Notes: Status and subordination

(a) ***Prior to the Existing Subordinated Notes Redemption Event:***

The Subordinated Notes constitute unsecured and subordinated 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 (other than those subordinated obligations expressed by their terms to rank junior to the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law.

The claims of the holders of the Subordinated Notes of this Series 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 is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*, the "**Wft**"), 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 (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (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 Noteholder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from higher ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

(b) ***As from the Existing Subordinated Notes Redemption Event:***

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

As a result, the claims of the holders of the Subordinated Notes 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 is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*, the "**Wft**"), 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 (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) other unsubordinated claims and (d) subordinated claims expressed by their terms to rank in priority to the Subordinated Notes (collectively, "**Senior Claims**").

By virtue of such subordination, payments to a Noteholder will, in the event of the 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 Noteholder shall be excluded until, all obligations of the Issuer resulting from Senior Claims have been satisfied.

(c) ***No set-off***

Subject to paragraph (a) and (b) above, no holder of Subordinated Notes may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes.

An "**Existing Subordinated Notes Redemption Event**" is deemed to have occurred upon redemption or repurchase and cancellation of the full outstanding principal amount of the Existing Subordinated Notes.

"**Existing Subordinated Notes**" means any instrument or loan issued or incurred before 1 January 2013, whether publicly or privately placed, ranking or expressed to be ranking *pari passu* with all other subordinated obligations (except for those subordinated obligations expressed by their terms to rank junior), provided that should any such Existing Subordinated Notes be amended in any way (contractually or by statute) which would result in allowing the Issuer to issue subordinated notes ranking senior thereto, then such Subordinated Notes would be deemed to no longer constitute an Existing Subordinated Note.

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

Subordinated Notes may qualify as Tier 2 capital ("**Tier 2 Notes**") as specified in the applicable Final Terms and/or Pricing Term Sheet for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

Listing and admission to trading:

Application has been made to Euronext Amsterdam N.V. for the Notes to be issued under the Program to be admitted to trading and listed on Euronext Amsterdam. The Notes may also be listed on such other or further stock exchange or stock exchanges as may be agreed between the Issuer and the relevant Agent (if any) in relation to each issue. Unlisted Notes may also be issued. The applicable Final Terms and/or Pricing Term Sheet will state whether or not the Notes are to be listed or admitted to trading, as the case may be, and, if so, on which exchange(s) and/or market(s).

Substitution of the Issuer:

The Issuer may, if certain conditions have been fulfilled, with the consent of the Noteholders which will be deemed to have been given in respect of each issue of Senior Notes on which no payment of principal of or interest on any of the Senior Notes is in default, be replaced and substituted by either (a) any directly or indirectly wholly-owned subsidiary of the Issuer or (b) ABN AMRO Group N.V. as principal debtor in respect of the Senior Notes.

If so specified in the applicable Final Terms and/or Pricing Term Sheet the Issuer may, if certain conditions have been fulfilled, with the consent of the Subordinated Noteholders which will be deemed to have been given in respect of each issue of Subordinated Notes on which no payment of principal of or interest on any of the Subordinated Notes is in default and after written approval of the Competent Authority, be replaced and substituted by any directly or indirectly wholly-owned subsidiary of the Issuer as principal debtor in respect of the Subordinated Notes.

Governing Law:

The Senior Notes, the Senior Notes Agency Agreement, the Subordinated Notes and the Subordinated Notes Agency Agreement are

governed by, and shall be construed and interpreted in accordance with, the laws of The Netherlands.

Selling Restrictions: The Notes may be offered (i) in the United States only, (ii) outside the United States only or (iii) in and outside the United States simultaneously as part of a global offering and, in each case, the offering and distribution of the Notes will be subject to certain restrictions. In particular, restrictions on the offering and distribution of the Notes and this Base Prospectus will apply to sales made in certain other countries, including the United States, the EEA, the United Kingdom, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Plan of Distribution*".

RISK FACTORS

An investment in the Notes is subject to a number of risks. Before making an investment decision with respect to any Notes, prospective investors should form their own opinions, 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.

The materialization of the risks described below could have a material adverse effect on the Issuer's future business, operating results or financial position. Additional risks not currently known to the Issuer or that the Issuer now views as immaterial may also have a material adverse effect on the Issuer's future business, operating results on financial position and affect an investment in Notes issued under the Program. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the sections headed "The Issuer", "Book Entry, Delivery, Form and Settlement", "Terms and Conditions of the Senior Notes" and "Terms and Conditions of the Subordinated Notes" below shall have the same meaning in this section, except "the Issuer" which in this section throughout is used as a reference to ABN AMRO Bank and its consolidated subsidiaries and the other group companies (including ABN AMRO Group N.V.).

Risks relating to the Issuer's business and industry

1. ***Conditions in the global financial markets and economy may materially adversely affect the Issuer's business financial position, results of operations and prospects.***

   The outlook for the global economy over the near to medium term remains challenging. Results of operations in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including political, economic and market conditions; changes in consumer spending; investment and saving habits; monetary and interest rate policies of the European Central Bank ("**ECB**") and G7 central banks; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation or deflation; the stability and solvency of states, financial institutions and other companies; investor sentiment and confidence in the financial markets; or a combination of these or other factors. The business operations of the Issuer, its third party service providers and clients are also vulnerable to epidemics, weather or other forms of natural disasters, and other disasters caused by people which are wholly or partially beyond its control such as acts of terrorism, fire, acts of war, civil unrest and heightened geopolitical tension. These factors have resulted, or may in the future result in, a reduced demand for financial products and services, a deterioration in asset quality of the Issuer and increases in loan impairment charges. Moreover, a market downturn or a worsening of the Dutch, European or global economies may materially and adversely affect the value of the Issuer's assets, the ability of its clients to meet financial obligations and could cause the Issuer's loan impairment charges to rise, reduce the Issuer's fee and commission income or cause the Issuer to incur further mark-to-market losses which could have a material adverse effect on the Issuer's business, financial position and results of operation.

   A revival of financial market tensions like those among the Eurozone sovereign debt crisis may lead to renewed stress in sovereign and bank funding markets. Market conditions remain vulnerable and risks remain. Deterioration or long term persistence of the difficult economic environment, including as a result of an increase in unemployment rates and/or decreases in house prices threaten the quality of the Issuer's loan portfolio, in particular for retail clients. There is also a possibility that the Issuer may have insufficient access to, or incur higher costs associated with, funding alternatives, which could have a material adverse effect on the Issuer's business, financial position, results of operations and prospects. The economy remains particularly vulnerable to a renewed rise in financial market tensions or new economic shocks, which could lead to a more severe economic downturn.

On 23 June 2016 the United Kingdom voted to leave the European Union in a referendum (the "**Brexit**"). The consequences of the Brexit are uncertain. The Brexit may lead to volatility in financial markets and may lead to liquidity disruptions or market dislocations.

Any of the above factors may materially adversely affect the Issuer's business, financial position, results of operations and prospects.

2. ***Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities.***

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

In addition, under volatile market conditions, funding transactions, as well as hedging and other risk management strategies may not be as effective at mitigating trading risks as they would be under more normal market conditions. The Issuer uses common financial derivative measures, balance sheet steering and interest rate management as part of its risk management strategy and it may not be able to manage its exposures adequately through the use of such strategies as a result of modeling, sensitivity analysis or other risk assessment method failures or as a result of appropriate derivative products not being available.

Market conditions, and periods of high volatility can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, natural disasters or other similar events outside the Issuer's control. See also risk factor "*1. Conditions in the global financial markets and economy may materially adversely affect the Issuer's business financial position, results of operations and prospects*". There is no assurance that market volatility will not result in a prolonged market decline, or such market declines for other reasons will not occur in the future.

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

3. ***Changes in interest rates and foreign exchange rates may adversely affect the Issuer's business, financial position, results of operations and cash flows.***

Fluctuations in interest rates and foreign exchange rates influence the Issuer's performance. The results of the Issuer's banking operations are affected by the Issuer's management of interest rate and foreign exchange rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. If the yield on the Issuer's interest-earning assets does not increase at the same time or to the same extent as its cost of funds, or if its cost of funds does not decline at the same time or to the same extent as the decrease in yield on its interest-earning assets, the Issuer's net interest income and net interest margin may be adversely impacted. Interest rate, margin and spread changes, to the extent not hedged, may lead to mismatches in funding costs and interest income. Any of these events could have a material adverse effect on the Issuer's business, financial position, results of operations and current and future cash flows.

The Issuer's business and performance are affected by prevailing interest rates and the shape of the interest rate curve. The current interest rate environment with a sustained downward pressure

on interest rates and low inflation may impact the interest rate margin of the bank. A prolonged period of flatter than usual interest rate curves, including negative interest rates, could have an adverse impact on the Issuer's business model. Furthermore, the effect of a prolonged period of low inflation and/or deflation could affect client behavior and may thereby impact the Issuer's financial position and results of operations.

In addition, the Issuer publishes the Issuer's consolidated annual financial statements in euros. Fluctuations in the foreign exchange rates used to translate other currencies into euros affect the Issuer's reported consolidated financial position, results of operations and cash flows from period to period. The Issuer also attracts its capital and funding mostly in euros, but also in a variety of other currencies. To the extent the non-euro funding is not used to provide loans in the same currency, not hedged or not adequately hedged this causes exposure to foreign exchange rate risk, which could have a material adverse effect on the Issuer's business, financial position, results of operations and cash flows.

4. ***Lack of liquidity is a risk to the Issuer's business and its ability to access sources of liquidity.***

Liquidity risk is the risk that actual (and potential) payments or collateral posting and other obligations cannot be met on a timely basis. The Issuer discerns two types of liquidity risk. Funding liquidity risk is the risk of not being able to meet both expected and unexpected current and future cash outflows and collateral needs without affecting either daily operations or the financial position of the bank. Market liquidity risk is the risk that the bank cannot sell an asset without significantly affecting the market price due to (i) insufficient market depth (insufficient supply and demand), (ii) market disruption, (iii) changes in the applicable haircuts and market value or (iv) uncertainty about the time required to realise the liquidity value of the assets. See also the risk factor "*2. Volatility in, and the position of, financial markets, liquidity disruptions or market dislocations can adversely affect the Issuer's banking and funding activities*" above.

Liquidity risk is inherent in banking operations and can be increased by a number of enterprise-specific factors, including an over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as economic conditions, market dislocations or major disasters.

Like many banking groups, the Issuer relies on customer deposits to meet a considerable portion of its funding. However, such deposits are subject to fluctuation due to certain factors, such as a loss of confidence, increasing competitive pressures or the encouraged or mandated repatriation of deposits by foreign wholesale or central bank depositors, which could result in a significant outflow of deposits within a short period of time. An inability to grow, or any material decrease in, the Issuer's deposits could, particularly if accompanied by one of the other factors described above, have a material adverse effect on the Issuer's ability to satisfy its liquidity needs.

In addition to the use of deposits, the Issuer also relies on the availability of wholesale funding. In periods of liquidity stress the Issuer may need to seek funds from alternative sources, potentially at higher costs of funding than has previously been the case.

In addition, the funding of the Issuer may be hindered by market circumstances. The ability of the Issuer to fund its operations is strongly dependent on market factors and market developments. The risk exists that market circumstances may limit desired steering of the funding profile of the Issuer.

Any of the above factors may materially adversely affect the Issuer's funding ability, financial position and results of operations.

5. ***Reductions or potential reductions in the Issuer's credit ratings could have a significant impact on its borrowing ability and liquidity management through reduced funding capacity and collateral triggers, and on the access to capital and money markets as well as adversely affect the Issuer's business and results of operations.***

Rating agencies assess the creditworthiness of the Issuer and its operating environment and assign a rating to the Issuer and some of the financial instruments it has issued. This information

is available to investors, clients and counterparties of the Issuer. There can be no assurance that a credit rating agency will not downgrade or change the outlook on any such credit rating.

In addition, rating agencies may change their methodology from time to time, which may also result in a downgrade or a change in the outlook on any such credit rating.

Any downgrade or potential downgrade in the Issuer's ratings may increase its borrowing costs, require the Issuer to replace funding lost due to the (potential) downgrade (e.g., customer deposits), limit the Issuer's access to capital and money markets and trigger additional collateral requirements in derivatives contracts and other secured funding arrangements. In addition, a rating downgrade or potential downgrade of the Issuer could, among other things, limit the Issuer's opportunities to operate in certain business lines and adversely affect certain other business activities.

As a result, any reductions in the Issuer's credit ratings could have a material adverse effect on the Issuer's business, results of operations, prospects, financial position, borrowing costs, ability to raise funding and capital and competitive position.

6. ***The regulatory environment to which the Issuer is subject gives rise to significant legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have an material adverse effect on the Issuer's business, financial position and results of operations***

The Issuer conducts its business in an environment that is highly regulated by financial services laws and regulations, corporate governance and administrative requirements and policies, in most or all of the locations in which it operates or enters into transactions with clients or other parties. In various jurisdictions in which the Issuer operates, supervisory authorities may impose additional restrictions and conditions on the Issuer, including but not limited to capital, liquidity, corporate governance requirements and behavioural requirements. Interpretation of requirements by supervisory authorities and courts may change over time. For further information on legal and regulatory laws and regulation the Issuer is subject to, see chapter "*The Issuer—1. ABN AMRO Bank N.V. —1.7 Regulation*".

When expanding its business to other jurisdictions or offering new products in jurisdictions in which the Issuer is already active, the Issuer may become subject to other and additional legislation and regulatory requirements. The local businesses will not only need to comply with the local laws and regulations, but also with certain laws and regulations with worldwide application, including certain European legislation and the U.S. Foreign Account Tax Compliance ("**FATCA**") regime (for a description of FATCA, see also the risk factor "*7. The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*" and "*The Issuer—1. ABN AMRO Bank N.V. —1.7 Regulation*"). The above requires the businesses to liaise in a timely manner with the Issuer's central legal and compliance departments.

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

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

The Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**"), for instance, has a legal mandate to exercise integrity supervision. DNB expects banks to have a solid systematic integrity risk analysis in place and to translate results of this analysis into actual integrity policies and control measures. Banks are in general required to devote attention to inherent integrity risks such as money laundering, financing of terrorism, sanctions, bribery and corruption, conflicts of interest, fraud and tax risks. By adequately and periodically analysing and discussing these integrity risks at board and senior management level, banks should be able to formulate dedicated integrity policies and implement appropriate measures and procedures to manage these risks.

As result of the introduction of the Single Supervisory Mechanism ("**SSM**") on 4 November 2014, the ECB has become the primary prudential supervisory authority of the Issuer. For certain matters the Issuer will remain subject to supervision by local supervisory authorities such as DNB and the Netherlands Authority for the Financial Markets in The Netherlands (*Stichting Autoriteit Financiële Markten*, "**AFM**").

The transition of prudential supervision from DNB to ECB has led and may lead to more intensified supervision of the Issuer. The ECB, as the new prudential supervisory authority, has collected and adopted best practices in the Eurozone and is expected to continue to do so. This practice has already resulted in changes in the interpretation of regulations which may further impact and change local practices as they currently exist. No assurance can be given that adopted practices will not differ from current practices and interpretation. As the relationship between the Issuer and the ECB is different from the Issuer's relationship with DNB, the Issuer will continue to invest in resources to familiarise the new supervisory authority with the Issuer's business and financial position and to adapt to the new supervisory approach.

The above regulatory changes and any other present or future changes that could limit the Issuer's ability to manage effectively its balance sheet, liquidity position and capital resources (including, for example, reductions in profits and retained earnings, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to provide loans as a result of market conditions), to access funding sources or access funding sources at a higher cost could have a material effect on its business, financial condition and results of operations.

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

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

7. ***The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects.***

In pursuit of a broad reform and restructuring of financial services regulation, national and supra-national legislatures and supervisory authorities, predominantly in Europe and in the United States but also elsewhere, continue to introduce and implement a wide range of proposals that could result in major changes to the way the Issuer's global operations are regulated and could have adverse consequences for its business, business model, financial position, results of operations, reputation and prospects. These changes could materially impact the profitability of the Issuer's businesses, the value of its assets or the collateral available for its loans, require changes to business practices or force the Issuer to discontinue businesses and expose the Issuer to additional costs, taxes, liabilities, enforcement actions and reputational risk and are likely to have a material impact on the Issuer. Recent and ongoing prudential, conduct of business and more general regulatory initiatives include:

- Regulatory capital requirements proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**"), including its proposals set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011 (the "**Basel III Final Recommendations**"), which are being implemented in the European Union through the Capital Requirements Directive (2013/36/EU) known as "**CRD IV**" and Capital Requirements Regulation ((EU) No 575/2013) known as "**CRR**", resulting, *inter alia*, in the Issuer becoming subject to stricter capital and liquidity requirements and will also affect the scope, coverage, or calculation of capital. See also the risk factor "*8. As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance*" below.

  In addition, at the end of 2015 and following a first consultative document published in December 2014, the Basel Committee published a second consultative document concerning revisions to the standardised approaches for credit, operational and market risk, and the introduction of capital floors. The revisions form part of the Basel Committee's broader review of the capital framework to balance simplicity and risk sensitivity, and to promote comparability by reducing variability in risk-weighted assets across banks and jurisdictions. Of these proposals, the introduction of the standardised credit risk RWA (REA) floor would have the most significant impact on the Issuer. The proposals for the initial 2014 consultative document concerned new standardised credit risk RWA (REA) calculation rules, which included (i) introduction of new risk drivers, (ii) introduction of higher risk weights, and (iii) removal of external ratings from the framework. In addition, the initial 2014 proposals required banks to apply advanced approaches to risk categories, applying the higher of (i) the RWA (REA) floor based on (new) standardised approaches and (ii) the RWA (REA) floor based on advanced approaches in the denominator of their ratios. Consistent with the 2014 proposals, the Basel Committee maintains its stance on the removal of some of the internal models and own estimates of haircuts for calculating capital requirements under the standardized approaches. However, as part of the revised 2015 proposals, the Basel Committee has decided, *inter alia*, to reintroduce the use of external ratings, in a non-mechanistic manner, for exposures to banks and corporates. The 2015 proposals also include alternative approaches for jurisdictions that do not allow the use of external ratings for regulatory purposes. Although timing for adoption, content and impact of these proposals remain subject to considerable uncertainty, the implementation of the standardized RWA (REA) floors would have a significant impact on the calculation of the Issuer's risk weighted assets due to the substantial difference in RWA (REA) calculated on the basis of advanced approaches and such calculation on the basis of new standardized rules for mortgages, and, to a lesser extent, exposures to corporates. In the first quarter of 2016 the Basel Committee published a consultative paper proposing changes to the internal ratings based approaches. The Basel Committee proposes,

amongst others, to remove the option to use the IRB approaches for certain exposure classes, to introduce PD and LGD floors for exposure classes that are still permitted under IRB approach, a greater use of supervisory Credit Conversion Factors (CCF) and constraints on EAD estimation processes. In April 2016, the Basel Committee issued a consultative document on the revision to the Basel III leverage ratio framework. Among the areas subject to proposed revision in this consultative document are the change in the calculation of the derivative exposures and the credit conversion factors for off-balance sheet items. In April 2017 the Basel Committee published its final guidance on the definitions of two measures of asset quality – "non-performing exposures" and "forbearance". The Basel Committee's definitions of both terms are built on commonalities in the existing definitions and harmonise the quantitative and qualitative criteria used for asset categorisation.

- On 23 November 2016, the European Commission published legislative proposals to amend and supplement certain provisions of, *inter alia*, CRD IV, CRR, the Bank Recovery and Resolution Directive (2014/59/EU) and the Single Resolution Mechanism Regulation ((EU) No 806/2014) (the "**EU Banking Reform Proposals**"), including measures to further strengthen the resilience of EU banks, including revisions in the Pillar 2 framework, a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt, revisions in the MREL (as defined below) framework, the integration of the TLAC (as defined below) standard into EU legislation (see below under "*FSB Standard for Total Loss-Absorbing Capacity*"), a revised calculation method for derivatives exposures and the transposition of the fundamental review of the trading book (FRTB) conclusions into EU legislation.

- At the end of 2015, the ECB started a targeted review of internal models ("**TRIM**") to assess whether the internal models currently used by EU banks comply with regulatory requirements, and whether they are reliable and comparable. TRIM is expected to be finalised in 2019.

- The Deposit Guarantee Schemes Directive (2014/49/EU) ("**DGSD**") has been implemented into national law with effect from 26 November 2015, the law changes the funding of the current Deposit Guarantee Scheme ("**DGS**") from an ex-post funded system to a partially ex-ante funded system.

- A euro-wide deposit insurance scheme ("**EDIS**") for bank deposits was proposed by the European Commission on 24 November 2015, consisting of a re-insurance of national DGS, moving after three years to a co-insurance scheme, in which the contribution of EDIS would progressively increase over time. As a final stage, a full European Deposit Insurance Scheme is envisaged in 2024.

- The European regulation establishing uniform rules and a uniform procedure for the resolution of banks and certain investment firms in the framework of the Single Resolution Mechanism (Regulation 806/2014) (the "**SRM**"), which was published in the Official Journal of the European Union on 30 July 2014 and entered into force on 19 August 2014, providing for a single resolution framework, a single resolution board ("**Resolution Board**") and a single resolution fund ("**Resolution Fund**").

- The European Market Infrastructure Regulation ("**EMIR**") having introduced new obligations relevant for the Issuer, which are (i) central clearing for certain classes of OTC derivatives, (ii) the application of risk mitigation techniques for non-centrally cleared OTC derivatives and (iii) reporting of both exchange traded and OTC derivative transactions. EMIR is relevant to the Issuer in general and in particular to the Issuer's clearing business. The Issuer has implemented the relevant EMIR reporting requirements. Nevertheless, IT capacity and data quality issues have been identified and are currently being investigated. Regulators have been briefed on these issues and are closely monitoring the Issuer's progress.

- The revised EU Directive on Markets in Financial Instruments (2014/65/EU, the "**MiFID II Directive**") and the accompanying regulation "**MiFIR**" (Regulation

600/2014) (together "**MiFID II**"), which replace, extend and improve existing European rules on markets in financial instruments, giving more extensive powers to supervisory authorities, increasing market infrastructure and reporting requirements, more robust investor protection, increasing both equity and non-equity market transparency, introducing a harmonised position-limits regime for commodity derivatives and introducing the possibility to impose higher fines in case of infringement of its requirements.

- A regulation on key information documents for packaged retail and insurance-based investment products (Regulation 1286/2014) ("**PRIIPS**") requiring a key information document ("**KID**") to be provided when offering PRIIPS to certain clients.

- The Mortgage Credit Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property adopted on 4 February 2014 (the "**Mortgage Credit Directive**") aiming to afford high level consumer protection throughout the EEA.

- A new payment services directive (Directive 2015/2366/EU, "**PSD 2**") which imposes additional requirements on the Issuer with respect to payment services in the EEA and supports the emergence of new players and the development of innovative mobile and internet payments in Europe.

- In the United States, the ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which covers a broad range of regulations and requirements for financial services firms including an evolving framework of regulations and requirements for OTC derivative transactions, markets and participants.

- A banking tax introduced by the Dutch government for all entities that are authorised to conduct banking activities in The Netherlands.

- A proposed directive for a common Financial Transaction Tax ("**FTT**") to be implemented in 10 participating Member States, being Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-zone.

- Based on sections 1471-1474 of the Code and Treasury Regulations thereunder, a 30% withholding tax may be imposed on U.S. source payments to a non-U.S. (foreign) financial institution (FATCA).

- Various international and EU initiatives on automatic exchange of information (such as the OECD Common Reporting Standard, and the amended EU Directive on Administrative Cooperation), which have had and will continue to have considerable impact on client on-boarding and administrative processes of the Issuer.

- A proposal adopted by the European Commission on 29 January 2014 for a regulation which would give banks' supervisors the power to require banks to separate certain potentially risky trading activities from their deposit-taking business if the pursuit of such activities compromises financial stability. In addition, the European Commission adopted an accompanying proposal for a regulation on reporting and transparency of securities financing transactions, which came into force on 12 January 2016 (Regulation (EU) 2015/2365).

- Legislation introduced by the Dutch government banning referral fees relating to specific complex financial products and services, such as mortgages, life insurance and pension insurance, reducing fee and commission income.

- Restrictions applicable to the Dutch principal residence mortgage loan market for individuals, including a reduction in the maximum loan amount for government-guaranteed mortgage loans (*Nationale Hypotheekgarantie*, "**NHG**"), a reduction of the maximum permissible amount of a mortgage loan relative to the value of the property and a reduction on tax deductibility of new mortgages loans, expected to put further

downward pressure on the total outstanding volume of mortgages in The Netherlands which could decrease the size of the Issuer's mortgage portfolio and to have an effect on the house prices and the rate of economic recovery which may result in an increase of defaults, prepayments and repayments.

The mortgage lending rules and the restrictions to mortgage interest relief, applicable to the principal residence mortgage market, may have a particular impact on the Issuer's principal residence mortgage business. These measures might have a material adverse effect on the sale of the Issuer's principal residence mortgage products and therefore on the aggregate loan portfolio of the Issuer, on the interest margins that it is able to earn on new and existing principal residence mortgages, as well as on the ability of its clients to pay amounts due in time and in full. See also the risk factor "*12. The Issuer's operations and assets are located primarily in The Netherlands. Deterioration or long-term persistence of a difficult economic environment could have a material adverse effect on the Issuer's results of operations and financial position*" below.

The tax regime applicable to the Issuer is to an extent based on the Issuer's interpretations of such laws and regulations. The Issuer cannot guarantee that such interpretations will not be questioned by the relevant authorities. There has in recent years been an increased interest by governments, political parties, the media and the public in the tax affairs of companies. This increased interest may also apply to the Issuer's tax policy or the tax affairs of the Issuer's clients. In addition, changes as to what is perceived by governments or by the public to be appropriate, ethical or sustainable behaviour in relation to tax may lead to a situation where the Issuer's tax policy is in line with all applicable tax laws, rules and regulations, but nevertheless comes under public scrutiny. These two developments could lead to reputational damage and damage to the Issuer's brand.

For further information on laws and regulation the Issuer is subject to, see chapter "*The Issuer—1. ABN AMRO Bank N.V. —1.7 Regulation*". The timing and full impact of new laws and regulations, including the initiatives described above, cannot be determined yet and are beyond the Issuer's control. The introduction of these and other new rules and requirements could significantly impact the manner in which the Issuer operates, particularly in situations where regulatory legislation can interfere with or even set aside national private law. New requirements may adversely affect the Issuer's business, capital and risk management strategies and may result in the Issuer deciding to modify its legal entity structure, capital and funding structures and business mix or exit certain business activities altogether or determine not to expand in certain business areas despite their otherwise attractive potential.

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

8. ***As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance.***

Effective management of the Issuer's capital and/or liquidity is critical to its ability to operate its businesses, to grow organically and to pursue its strategy. The Issuer is required by regulators in The Netherlands, the ECB and regulators in other jurisdictions in which it undertakes regulated activities, to maintain adequate capital resources and liquidity, as such regulator may deem appropriate. The maintenance of adequate capital and liquidity is also necessary for the Issuer's financial flexibility in the face of turbulence and uncertainty in the global economy.

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out

in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, strengthen the risk coverage of the capital framework in relation to derivative positions, and to introduce a new liquidity framework under which banks must gradually meet a liquidity coverage ratio and report on their net stable funding, and to introduce reporting requirements on leverage ratio. As a follow-up on the Basel III Final Recommendations, the Basel Committee proposed to introduce a requirement for banks to use stable sources of funding and meet a minimum leverage ratio. The envisaged required minimum percentage is currently 3% as proposed by the Basel Committee. However, the Dutch government aims for a higher percentage of 4% for institutions that have systemic relevance, and is lobbying for this higher percentage within the European Union. If the Issuer would become subject to a minimum leverage ratio of 4%, or more, the Issuer may be required to raise additional regulatory capital to meet the required leverage ratio. See "*Annual Report 2016 - Risk, funding & capital*", which part has been incorporated by reference into this Base Prospectus, for information on the Issuer's capital and liquidity position under Basel III rules known as at 31 December 2016. The Basel III framework was implemented in the EEA through CRD IV and CRR. CRD IV replaced the preceding capital requirements directives (directives with numbers 2006/48/EC and 2006/49/EC ("**CRD I**"), amendment directive with number 2009/111/EC ("**CRD II**") and amendment directive with number 2010/76/EC ("**CRD III**")) and was transposed into Dutch law by the "Implementing law CRD IV and CRR *(Implementatiewet richtlijn en verordening kapitaalvereisten*)" and entered into force on 1 August 2014. CRR has been in effect since 1 January 2014, although particular requirements will be phased in over a period of time and proposals have already been published by the European Commission to make certain amendments to CRD IV and CRR by means of the EU Banking Reform Proposals, partly drawing from the Basel Committee further banking reform proposals (see also the risk factor 7. "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*" above). The European Banking Authority ("**EBA**") has and will continue to propose detailed rules through binding technical standard for many areas.

There can be no assurance that the Basel Committee will not further amend or supplement the Basel III framework. For example, the Basel Committee has published proposals to further strengthen the risk-weighted capital framework, including in relation to credit risk, market risk and operational risk (see also the risk factor 7. "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*" above). Further, the Basel III framework may be implemented in a manner that is different from that which is currently envisaged or may impose more onerous requirements on the Issuer.

The Issuer has been designated by DNB as a financial institution with systemic relevance for The Netherlands. As a result, the Issuer will need to progressively build up extra capital buffers set by DNB. These buffers will become applicable in phases in the period from 2016 to and including 2019. The Issuer will be required to maintain this buffer on top of the minimum CET1 capital ratio of 4.5% it is required to meet, as well as a capital conservation buffer of 2.5%, and a counter-cyclical buffer ranging from 0 to, in principle, 2.5%. When the Issuer is subject to a systemic relevance buffer and a systemic risk buffer, either (i) the higher of these buffers applies or (ii) these buffers are cumulative, depending on the location of the exposures which the systemic buffer addresses. As at the date hereof, the combined buffer requirement ("**CBR**") is set at 5.5% of CET1 capital above the minimum regulatory CET1 requirement of 4.5% (or 10% in aggregate) on a full phase-in basis. However, in the future the Issuer may need to comply with a higher CBR. For example, the relevant regulator may impose a higher systemic risk buffer or introduce a countercyclical capital buffer. In case the Issuer fails to meet, partly or in full, the CBR, CRD IV requires that restrictions on distributions (including dividend payments) are imposed on the Issuer. Also, any increase by DNB of the systemic risk buffer may require the Issuer not only to increase its CET1 capital ratio but also its overall amount of MREL (see the risk factor *"9. Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding"* below).

In addition, under CRD IV competent supervisory authorities as a result of the common procedures and methodologies for the supervisory review and evaluation process ("**SREP**") may require additional capital to be maintained by a bank relating to elements of risks which are not fully covered by the Pillar 1 minimum own funds requirements ("**P1R**") described above or which address macro-prudential requirements (Pillar 2). The EBA issued guidelines on 19 December 2014 addressed to national supervisory authorities on the SREP which among other guidelines contain guidelines proposing a common approach to determine the amount and composition of additional capital requirements and which were required to be applied by the competent supervisory authorities as of 1 January 2016 (subject to certain transitional arrangements). Accordingly, a bank can be subject to (i) P1R (as referred to above), (ii) a CBR (as referred to above) and (iii) additional capital requirements as a result of the SREP. In July 2016, the ECB confirmed that SREP will for the first time comprise two elements: Pillar 2 requirements (which are binding and breach of which can have direct legal consequences for banks) ("**P2R**") and Pillar 2 guidance (with which banks are expected to comply but breach of which does not automatically trigger any legal action) ("**P2G**"). Accordingly, in the capital stack of a bank, the P2G is in addition to (and "sits above") that bank's P1R, its P2R and its CBR. It follows that if a bank does not meet its P2G, supervisory authorities may specify supervisory measures but it is only if it fails to maintain its capital buffer requirement that the mandatory restrictions on discretionary payments (including payments on its CET1 and additional tier 1 instruments) based on its maximum distributable amount will apply. These changes are also reflected in the EU Banking Reform Proposals. However, there can be no assurance as to the relationship between the "Pillar 2" additional own funds requirements and the restrictions on discretionary payments and as to how and when effect will be given to the EBA's guidelines and/or the EU Banking Reform Proposals in The Netherlands, including as to the consequences for a bank of its capital levels falling below the minimum, buffer and additional requirements referred to above.

The Issuer's capital ratios are above the regulatory minimum requirements. At 31 December 2016 the Issuer had a phase-in CET1 capital ratio of 17.1% (fully loaded 17.0%), which is well above the 2017 SREP requirement. Pursuant to the 2017 SREP requirement, the Issuer is required to hold on a consolidated basis a minimum CET1 capital ratio of 9.0%, which is composed of 4,5% Pillar 1 minimum capital requirement, 1.75% P2R, a phase-in 1.25% capital conservation buffer and a phase-in 1.5% systemic risk buffer ("**SRB**"), excluding a countercyclical buffer. The SRB is expected to grow by 0.75 percentage point per annum up to 3.0% in 2019. Based on the current understanding of the applicable and pending regulations regarding leverage ratio, the Issuer aims for a leverage ratio equal or above 4% by 2018, which it aims to achieve through management of its exposure measure, the issuance of AT1 instruments and retained earnings. The Issuer is monitoring upcoming regulatory requirements in relation to MREL and TLAC and aims for equal or above 8% MREL by year-end 2018 and pre-position for TLAC. At 31 December 2016, ABN AMRO had fully-loaded leverage ratio of 3.9% and 7.4% MREL (solely based on own funds and other subordinated liabilities). The strong funding and liquidity profile is demonstrated by a growing client deposit base with low outflows, a diversified wholesale funding maturity profile and a commitment to comply with future regulatory liquidity requirements (liquidity coverage ratio and net stable funding ratio) before they will be in force. Future regulatory developments will have an impact on the Issuer's capital position.

The changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers, for example because of different interpretations of or methods for calculating risk exposure amount, or because the Issuer does not comply with ratios and levels, or instruments and collateral requirements that currently qualify as capital or capital risk mitigating techniques no longer do so in the future. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk exposure amount or business levels, restrict certain activities or engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. In addition, if the Issuer is not able to meet the applicable CBR, this could have an adverse effect on the market's trust in respect of the long term viability of the Issuer, which could, for example, result in liquidity outflows that could ultimately have an adverse effect on the going concern viability of the Issuer.

As a result of stricter liquidity requirements or higher liquidity buffers, the Issuer may be required to optimise its funding composition which may result in higher funding costs for the Issuer, and in having to maintain buffers of liquid assets which may result in lower returns than less liquid assets. Furthermore, if the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations. In addition, with a net stable funding requirement and a leverage coverage ratio scheduled to be implemented through the EU Banking Reform Proposals, the Issuer might be required to attract additional stable sources of funding, which may result in higher funding costs for the Issuer.

The variety of capital and liquidity requirements of supervisory authorities in different jurisdictions may prevent the Issuer from managing its capital and liquidity positions in a centralised manner, which may impact the efficiency of its capital and liquidity management. Also, if internal processes are not sufficiently robust, this may result in higher than strictly necessary required capital and liquidity levels and increased costs.

As the SSM was introduced on 4 November 2014 and the ECB has become the primary supervisor for the prudential supervision of credit institutions in participating Member States that qualify as "significant credit institutions", including the Issuer, the ECB is responsible for, among other things, market access and will supervise capital requirements, liquidity requirements as provided for by CRD IV and CRR and governance. As a result, the Issuer may be subject to different interpretations or methods for calculating risk exposure amount and capital instruments, may be subject to higher capital add on requirements, or may be required to hold additional liquidity buffers.

The above changes and any other changes that limit the Issuer's ability to manage effectively its balance sheet, liquidity position and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk exposure amount, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions or otherwise) or to access funding sources, could have a material adverse impact on its financial position, regulatory capital position and liquidity provision.

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

Dutch Intervention Act

In 2012, the Dutch government adopted banking legislation dealing with ailing banks (Special Measures Financial Institutions Act, *Wet bijzondere maatregelen financiële ondernemingen*, the "**Dutch Intervention Act**"). Pursuant to the Dutch Intervention Act, substantial new powers were granted to DNB and the Dutch Minister of Finance enabling them to deal with, *inter alia*, ailing Dutch banks prior to insolvency.

The national framework for intervention with respect to banks by DNB has been replaced by the law implementing the resolution framework set out in the BRRD (as defined below). However, the powers granted to the Dutch Minister of Finance under the Dutch Intervention Act remain. The Dutch Minister of Finance may take measures or expropriate assets and liabilities of, claims against or securities issued by or with the consent of a financial firm (*financiële onderneming*) or its parent, in each case if it has its corporate seat in The Netherlands, if in the Minister of Finance's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the firm finds itself.

BRRD

On 12 June 2014, a directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU, "**BRRD**") was published in the Official Journal of the European Union. The BRRD is currently in force and EU Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with the BRRD by 31 December 2014. The measures set out in the BRRD (including the Bail-in Tool) have been implemented in national law with effect from 26 November 2015.

The BRRD sets out a common European recovery and resolution framework which is composed of three pillars: preparation (by requiring banks to draw up recovery plans and resolution authorities to draw up resolution plans), early intervention powers and resolution powers. In addition, BRRD provides preferential ranking on insolvency for certain deposits that are eligible for protection by deposit guarantee schemes (including the uninsured element of such deposits and, in certain circumstances, deposits made in non-EEA branches of EEA credit institutions). The stated aim of BRRD is, similar to the Dutch Intervention Act, to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses.

Single Resolution Mechanism

The BRRD is complemented by the directly binding regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (the "**SRM**"). The primary geographic scope of the SRM is the euro area and SRM applies to the Issuer as a primary recovery and resolution code. The SRM establishes a single European resolution board (the "**Resolution Board**") having resolution powers over the institutions that are subject to the SRM, thus replacing or exceeding the powers of the national resolution authorities within the euro area. The Resolution Board will draw up and adopt a resolution plan for the entities subject to its powers, including the Issuer. It will also determine, after consultation with competent authorities, a minimum requirement for own funds and eligible liabilities ("**MREL**") subject to write-down and conversion powers which the Issuer will be required to meet at all times. The Resolution Board may also use the powers of early intervention as set forth in the SRM, including the power to require an institution to contact potential purchasers in order to prepare for resolution of the institution. The Resolution Board has the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national authorities under the BRRD. The resolution tools available for the Resolution Board include the sale of business tool, the bridge institution tool, the asset separation tool and the Bail-in Tool as further specified in the SRM. The use of one or more of these tools is included in a resolution plan adopted by the Resolution Board.

Pursuant to the SRM, the Bail-in Tool may be applied to recapitalise an institution to restore its ability to comply with the licensing conditions and to sustain market confidence in the institution or to convert claims or debts to equity or reduce their principal amount. The Bail-in Tool covers bonds and notes issued by the institution subject to resolution measures, but certain defined instruments are excluded from the scope, such as covered bonds.

The Resolution Board may apply interpretations of BRRD or recovery and resolution strategies that differ from those applied by the relevant national resolution authority. Any change in the interpretation or strategy may affect the resolution plans for the Issuer, as prepared by the relevant national resolution authority.

Recovery and resolution plans

As required by the BRRD, the Issuer is required to draw up and maintain a recovery plan. This plan must provide for a wide range of measures that could be taken by the Issuer for restoring its financial position in case it significantly deteriorated. The Issuer must submit the plan to the competent resolution authority for review and update the plan annually or after changes in the legal or organisational structure, business or financial situation that could have a material effect on the recovery plan. Keeping the recovery plan up to date will require monetary and management resources.

The Resolution Board will draw up the Issuer's resolution plan providing for resolution actions it may take if the Issuer would fail or would be likely to fail. In drawing up the Issuer's resolution plan, the Resolution Board will identify any material impediments to the Issuer's resolvability. Where necessary, the Resolution Board may require the Issuer to remove such impediments. This may lead to mandatory legal restructuring of the Issuer, which could lead to high transaction costs, or could make the Issuer's business operations or its funding mix to become less optimally composed or more expensive. Although ABN AMRO Bank N.V. is the Issuer's designated

resolution entity, the Resolution Board may at a later stage also require the Issuer to issue MREL at various levels within the Issuer or concentrated at the level of ABN AMRO Group N.V. This may result in higher capital and funding costs for the Issuer, and as a result adversely affect the Issuer's profits.

Early intervention

If the Issuer does not comply with or, due to a rapidly deteriorating financial position, would be likely not to comply with capital or liquidity requirements in the near future, the supervisory authorities will have the power to impose early intervention measures. A rapidly deteriorating financial position could, for example, occur in the case of a deterioration of the Issuer's liquidity situation, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of the Issuer, the power to make changes to the Issuer's business strategy, and the power to require the Issuer's managing board to convene a general meeting of shareholders, set the agenda and require certain decisions to be considered for adoption by the general meeting.

Non-viability and resolution measures

If the Issuer were to reach a point of non-viability, the Resolution Board could take pre-resolution measures. These measures include the write-down and cancelation of shares, and the write-down or conversion into shares of capital instruments.

Furthermore, BRRD and SRM provide resolution authorities with powers to implement resolution measures with respect to banks which meet the conditions for resolution, which may include (without limitation) the sale of the bank's business, the separation of assets, the Bail-in Tool, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments and discontinuing the listing and admission to trading of financial instruments. The Bail-in Tool comprises a more general power for resolution authorities to write-down the claims of unsecured creditors of a failing bank and to convert unsecured debt claims to equity.

Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the relevant resolution authority, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank for this purpose. The application of resolution measures may lead to additional measures. For example, in connection with the nationalisation of SNS Reaal N.V. pursuant to the Dutch Intervention Act, a one-off resolution levy for all banks was proposed by the Minister of Finance.

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

Resolution Fund

The SRM provides for a Resolution Fund that will be financed by banking groups included in the SRM. The Issuer will only be eligible for contribution to loss absorption by the single resolution fund after a resolution action is taken if shareholders, the holders of relevant capital instruments and other eligible liabilities have made a contribution (by means of a write-down, conversion or otherwise) to loss absorption and recapitalization equal to an amount not less than 8% of the total liabilities (including own funds and measured at the time of the resolution action). This means that the Issuer must hold on to sufficient own funds and liabilities eligible for write-down and conversion in order to have such access to the single resolution fund in case of a resolution. This may have an impact on the Issuer's capital and funding costs.

FSB Standard for Total Loss-Absorbing Capacity

In November 2015, the Financial Stability Board (the "**FSB**") published the final total loss-absorbing capacity ("**TLAC**") standard intended to enhance the loss-absorbing capacity of global systemically important banks ("**G-SIBs**") in resolution. The TLAC standard seeks to ensure that G-SIBs will have sufficient loss absorbing capacity available in a resolution of such an entity, in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. The TLAC standard also includes a specific termsheet for TLAC which attempts to define an internationally agreed standard.

The TLAC standard requires all G-SIBs to maintain a minimum Pillar 1 level of TLAC eligible capital of 16% of risk exposure amount (in addition to minimum regulatory capital requirements and buffer requirements), and at a minimum of 6% of the Basel III leverage ratio denominator, with effect from 1 January 2019 (18% and 6.75% respectively with effect from 1 January 2022). The TLAC standard states that G-SIBs will be required to pre-position such loss-absorbing capacity amongst "material sub-groups" on an intra-group basis. The FSB has also proposed that the minimum TLAC requirement should be satisfied before any surplus common equity is available to satisfy CRD IV buffers and the TLAC standard provides the possibility for local regulators to impose a Pillar II TLAC requirement over and above the Pillar 1 minimum. Based on the most recently updated FSB list of G-SIBs published in November 2016, ABN AMRO does not currently constitute a G-SIB. However, the EU or Dutch legislator could impose similar requirements on non-G-SIBs (see also the description of the EU Banking Reform Proposals referred to above).

According to the TLAC standard, TLAC may comprise Tier 1 and Tier 2 capital (for the purposes of CRD IV), along with other TLAC-eligible liabilities which can be effectively written down or converted into equity during the resolution of the G-SIB. All TLAC is required to be subordinated to "excluded liabilities", which includes insured deposits and any other liabilities that cannot be effectively written down or converted to equity by the relevant resolution authority. Similar requirements are also reflected in the EU Banking Reform Proposals (see also the risk factor "*7. The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects.*").

RTS on the minimum requirement for own funds and eligible liabilities under BRRD

On 23 May 2016, the European Commission adopted the regulatory technical standards on the criteria for determining the minimum requirement for own funds and eligible liabilities ("**MREL**") under BRRD (Commission Delegated Regulation (EU) 2016/1450 with regard to regulatory technical standards specifying the criteria relating to the methodology for setting MREL, the "**RTS**"). In order to ensure the effectiveness of bail-in and other resolution tools introduced by BRRD, BRRD requires that all institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities, with effect from 1 January 2016 (or if earlier, the date of national implementation of BRRD). The RTS provide for resolution authorities to allow institutions an appropriate transitional period to reach the applicable MREL requirements, which should be as short as possible.

Unlike the FSB's standard, the RTS do not set a minimum EU-wide level of MREL, and the MREL requirement applies to all credit institutions, not just to those identified as being of a particular size or of systemic importance. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution.

The MREL requirement for each institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include: the extent to which an institution has

liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the institution; the systemic importance of the institution; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

Based on the RTS and pending future revisions to MREL, the SRB took a mechanical approach to calculating an informative MREL target in 2016, consisting of a Loss Absorption Amount (total P1R + P2R + CBR), a Recapitalization Amount (total P1R + P2R) and a Market Confidence Charge (CBR minus 125 basis points). The SRB is expected in the future to refine its methodology to calculate binding MREL targets, taking into account resolution strategies, business models and other bank specific features, whereby it also could opt for a non-risk weighted measure. In case of the risk weighted basis of calculating MREL targets, any fluctuation in RWAs (whether as a result of regulatory change or business environment) will not only have an impact on capital ratios but also on MREL ratios.

Items eligible for inclusion in MREL will include an institution's own funds (within the meaning of CRD IV), along with "**Eligible Liabilities**", meaning liabilities which, *inter alia*, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives.

Whilst there are a number of similarities between MREL requirements and the FSB's proposals or TLAC, there are also certain differences, including the timescales for implementation. The RTS suggests that the MREL requirements can nevertheless be implemented for G-SIBs in a manner that is "consistent with" the international framework, and contemplates a possible increase in the MREL requirement over time in order to provide for an adequate transition to compliance with the TLAC requirements (which are currently projected to apply from January 2019). Further convergence in the detailed requirements of the two regimes is expected, as proposed by the EBA in its final report on the implementation and design of the MREL framework of 14 December 2016 (the "**EBA Final MREL Report**") and by the European Commission in its EU Banking Reform Proposals. However, it is still uncertain to what extent the regimes will converge and what the final requirements will look like.

Intended TLAC and MREL alignment

The EBA Final MREL Report contains a number of recommendations to amend the current MREL framework and to implement the TLAC standard as an integral component of that framework. The EU Banking Reform Proposals contain the legislative proposal of the European Commission for the amendment of the MREL framework and the implementation of the TLAC standard. The EU Banking Reform Proposals propose the amendment of a number of aspects of the MREL framework to align it, *inter alia*, with the TLAC standard. To maintain coherence between the MREL rules applicable to G-SIBs and those applicable to non-G-SIBs, the EU Banking Reform Proposals also propose a number of changes to the MREL rules applicable to non-G-SIBs, including (without limitation) the criteria for the eligibility of liabilities for MREL. While the EU Banking Reform Proposals propose for a minimum harmonised or "Pillar 1" MREL requirement for G-SIBs, in the case of non-G-SIBs it is proposed that MREL requirements will be imposed on a bank-specific basis. The EU Banking Reform Proposals further provide for the resolution authorities to give guidance to an institution to have own funds and eligible liabilities in excess of the requisite levels for certain purposes.

Risks relating to the TLAC standard, RTS and the EU Banking Reform Proposals

Both the TLAC standard and the RTS may be subject to change and further implementation. On 23 November 2016, the European Commission announced the EU Banking Reform Proposals which, amongst others, intend to implement TLAC and clarify its interaction with MREL. However, the EU Banking Reform Proposals are to be considered by the European Parliament and the Council of the European Union and therefore remain subject to change. As a result, it is not possible to give any assurances as to the ultimate scope, nature, timing and of any resulting obligations, or the impact that they will have on the Issuer once implemented, including the amount of currently outstanding instruments qualifying as MREL going forward. If the EU Banking Reform Proposals are implemented without transitory provisions however, it is possible that the Issuer may have to issue a significant amount of additional MREL eligible liabilities in

order to meet the new requirements within the required timeframes. If the Issuer were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on the Issuer's business, financial position and results of operations.

State Aid

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

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

10. ***The Issuer is subject to stress tests and other regulatory enquiries, the outcome which could materially and adversely affect the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. Stress tests could also bring to the surface information which may result in additional regulatory requirements or measures being imposed or taken which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.***

The banking sector is subject to periodic stress testing and other regulatory enquiries in respect of the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the EBA. Stress tests and the announcements of their results by supervisory authorities can destabilise the banking or the financial services sector and lead to a loss of trust with regard to individual banks or financial services sector as a whole. The outcome of stress tests could materially and adversely affect the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Issuer having to meet higher capital and liquidity requirements, which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.

In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Issuer had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a material adverse effect on the Issuer's business, results of operations, profitability or reputation.

11. ***The Issuer operates in markets that are highly competitive. If the Issuer is unable to perform effectively, its business and results of operations will be adversely affected.***

There is substantial competition for the types of banking and other products and services that the Issuer provides in the regions in which the Issuer conducts large portions of its business, especially in The Netherlands. The competition for some of these products and services consists of traditional large banks, smaller banks, insurance companies, niche financial companies, non-financial companies that offer credit and savings products (such as car lease companies), as well as new entrants and parties that develop new business models, such as payment service providers, new mobile payment systems, mobile wallets, crowd funding and other financial technology (Fintech) initiatives. As a result, the Issuer's strategy is to maintain customer loyalty and retention. In other international markets, the Issuer faces competition from the leading domestic and international institutions active in the relevant national and international markets.

A different form of competition comes from technology firms and other new entrants, which are not subject to the same regulatory controls imposed on banks and have already entered parts of the traditional banking value chain. Commoditisation of mass market segments as a result of new technology results in fiercer competition and pressure on margins.

Furthermore, the intensity of competition is influenced by many factors beyond the Issuer's control (including conditions in the financial markets, loss of trust in banks following the financial crises, consumer demand, reputation and brand recognition, prices and characteristics of products and services, distribution powers, the impact of consolidation, technological changes, emerging non-traditional competitors, regulatory action, competitive advantages of certain competitors and many other factors). In addition, the Issuer must comply with regulatory requirements that may not apply to non-banks or certain foreign competitors and which may create an unequal competitive environment. This unequal competitive environment can be reflected by the costs involved for banks, including costs and resources required for compliance with such regulatory requirements.

Moreover, government involvement and/or ownership in banks, including in the Issuer, may have an impact on the competitive landscape in the major markets in which the Issuer operates.

Furthermore, the Issuer also faces and may continue to face competition with respect to attracting capital or funding from its retail, private and corporate clients and/or investors. Competition may cause increases in funding costs which may not be recoverable from borrowers and could therefore result in declining margins which would materially and adversely affect the Issuer's profitability and financial performance.

Competitive pressures could result in increased pricing pressures on a number of the Issuer's products and services, higher capital or funding costs or could result in loss of market share and may harm the Issuer's ability to maintain or increase profitability.

12. ***The Issuer's operations and assets are located primarily in The Netherlands. Deterioration or long-term persistence of a difficult economic environment could have a material adverse effect on the Issuer's results of operations and financial position.***

As of 31 December 2016, 80% of the Issuer's operating income was generated in The Netherlands and a majority of its aggregate credit exposure (as measured by 'Exposure at Default') is also located in The Netherlands (72.0% as of 31 December 2016). Accordingly, the Issuer is largely dependent upon the prevailing economic, political and social conditions in The Netherlands, particularly those which impact the mortgage market and small and medium business enterprises, which recently has been subject to major regulatory changes. Accordingly, deterioration or long-term persistence of the difficult economic environment in The Netherlands could have a negative effect on the Issuer's results of operations and financial position. Efforts by the Issuer to diversify, limit or hedge its portfolio against concentration risks may not be successful and any concentration risk could increase potential losses in its portfolio; this risk is mainly manifested through business and credit risk.

13. ***The Issuer is subject to significant counterparty risk exposure and exposure to systemic risks which may have an adverse effect on the Issuer's results.***

The Issuer's businesses are subject to general credit and country risks, including credit risks of borrowers and other counterparties. Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer's businesses. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers (under loans), the issuers whose securities the Issuer 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 the Issuer due to bankruptcy, lack of liquidity, downturns in the economy, financial markets or real estate values, operational failure or other reasons. Further, collateral posted may prove insufficient or inadequate. This is particularly predominant in businesses and operations of the Issuer that rely on sufficient collateral, such as in relation to its securities financing operations, asset-based financing business (Commercial Finance and Lease), diamonds and jewellery credit portfolio,

clearing activities or energy, commodities & transportation ("**ECT**") credit portfolio. In the past few years, the Issuer has seen adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness. In the years prior to 2014, in line with economic developments, the Issuer saw and may see in the future increasing delinquencies, defaults and insolvencies across a range of sectors (such as small and medium sized enterprises, in the area of Lombard-lending (where borrowers are under an obligation to provide additional collateral if the value of existing collateral goes down), commercial real estate, construction and (inland) shipping) and in a number of geographies. This trend has in the past led to and may continue to lead to impairment charges for the Issuer.

While the Issuer's operations and assets are located primarily in The Netherlands, it does have a number of branches, offices, business and operations located internationally as well as clients who operate in other jurisdictions, which exposes the Issuer to country risks.

The Issuer also has outsourcing arrangements with a number of third parties, notably in respect of IT, and certain services operations, such as cash centers, cash transportation, servicing of ATMs, and back office activities, for example in human resources operations. Accordingly, the Issuer is at risk of these third parties not delivering on their contractual obligations. There can be no guarantee that the suppliers selected by the issuer will be able to provide the functions for which they have been contracted, either as a result of them failing to have the relevant capabilities, products or services, or due to inadequate service levels set by, or ineffective monitoring by, the Issuer.

The Issuer invests, as a part of discretionary portfolio management, client monies in third party investment funds which it does not control or it may advise the clients to do so. If these funds do not deliver adequate performance, the Issuer could face reputational damage, and, in the case of significant underperformance or fraud, clients may seek to be compensated by the Issuer.

In view of the current global economic outlook, the Issuer may continue to see adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors (such as the personal, banking and financial institution sectors) and in a number of geographies. This trend has led to and may continue to lead to further impairment charges, higher costs, additional write-downs and losses for the Issuer.

The Issuer is one of a limited number of international lenders in the diamond and jewellery industry which has experienced reduced liquidity, with various banks leaving the industry or reducing their exposure. As of 2012, the Issuer also decided to reduce its exposure to this industry. To the extent that clients of the Issuer have insufficient access to liquidity, their creditworthiness may negatively be affected, which may adversely affect the quality of the Issuer's credit portfolio in this industry. Furthermore, the diamond and jewellery industry perceives the Issuer as a leading bank in financing of the industry given its previous exposure. Market participants and representative bodies in the industry might expect the Issuer to continue to provide liquidity to the market. If the Issuer does not provide this liquidity, this may damage the Issuer's reputation.

The financial and/or commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. As a result, concerns about, or a default, or threatened default by one institution could affect the banking system and lead to significant market-wide liquidity problems and financial losses at many financial institutions. It may even lead to further defaults of other financial institutions, which is referred to as "systemic risk". A systemic risk event may also adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, to which the Issuer is exposed. The systemic risk of the global financial industry is still at an elevated level. High sovereign indebtedness, low capital levels at many banks and the high interconnectivity between the largest banks and certain economies are important factors that contribute to this systemic risk. A default by, or even concerns about a default by, one or more financial services institutions could lead to significant systemic liquidity problems, or losses or defaults by other financial institutions.

The above factors may lead to material losses for the Issuer and may have an adverse effect on the Issuer's business, financial position, results of operations and prospects.

14. ***The Issuer may be subject to increases in allowances for loan losses.***

The Issuer's banking businesses establish provisions for loan losses, which are reflected in the impairment charges on loans and other receivables provisions on the Issuer's income statement, in order to maintain the Issuer's allowance for loan losses at a level that is deemed to be appropriate by management based upon an assessment of prior loss experiences, the volume and type of lending being conducted by the Issuer, industry standards, past due loans, economic conditions and other factors related to the collectability of the Issuer's loan portfolio. Although management uses its best efforts to establish the allowances for loan losses, that determination is subject to significant judgment which, along with the underlying risk management models and methods could be inaccurate and the Issuer may have to increase its allowances for loan losses in the future as a result of increases in non-performing assets or for other reasons. Any increase in the allowances for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have an adverse effect on the Issuer's results of operations, profitability and financial position.

15. ***The Issuer depends on the accuracy and completeness of information about customers and counterparties and itself. The Issuer's business operations require meticulous documentation, recordkeeping and archiving.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, the Issuer may rely on information furnished to the Issuer by or on behalf of the customers and counterparties, including financial statements and other financial information. The Issuer also may rely on the audit report covering those financial statements. The Issuer's financial position and results of operations could be materially and adversely affected by relying on such information or on financial statements that do not comply with generally accepted accounting principles or that are materially misleading. If information about clients and counterparties turns out to be materially inaccurate, incomplete or misleading, this could lead to fines or regulatory action, violation of rules and regulations, engagement in incorrect commercial transactions.

The Issuer is also responsible for performing know your customer checks to prevent tax evasion or avoidance. However, it may not be apparent to the Issuer whether a client is engaged in tax evasion, because of the complex structure of many of these transactions. Tax evasion or avoidance by the client may be attributed to the Issuer even though it has not actively assisted clients in tax evasion or avoidance if the Issuer fails to adequately satisfy its know your customer obligations. Failure to manage tax risks could lead to reputational damage or regulatory fines and penalties.

Also, the Issuer has a monitoring duty in relation to transactions outstanding, including on client positions being either in-the-money or out-of-the-money, or the amount having been borrowed by clients being lower or higher than the value of property or security or the corresponding derivative. This monitoring allows the Issuer, amongst other things, to take appropriate commercial decisions and to verify continued suitability of the product for certain retail clients and compliance with legal requirements of the Issuer. Monitoring a large number of different products, including discontinued products that are still outstanding, is complex and it could become more difficult or even impossible if the Issuer should fail to properly document transactions or archive documentation. The risk is further exacerbated by the increased use of technology and modern media for interacting with clients. Employees may take client orders in violation of policies, including taking orders over a mobile telephone line which conversations are not recorded or it may prove impossible or very difficult to find the relevant discussion from among a large number of recordings. The Issuer conducted an internal review into transaction reporting to the AFM and found that it had not accurately reported or had omitted to report a significant number of financial markets transactions. ABN AMRO informed the AFM about the results of its internal reviews. In December 2016 the AFM notified ABN AMRO that it intends to impose fines on ABN AMRO for having failed to report a significant number of transactions. It is expected that the AFM will announce its decisions in the second quarter of 2017 (see also "*The*

Issuer - 1. ABN AMRO Bank N.V. - 1.8 Legal and arbitration proceedings - Transaction reporting").

The Issuer's business operations require meticulous documentation, recordkeeping and archiving. Incomplete documentation, documentation not properly executed by counterparties, inadequate recordkeeping or archiving, and the loss of documentation could materially adversely affect the Issuer's business operations in a number of ways.

Technical limitations, end of lifecycles, erroneous operational decisions, inadequate policies, human mistakes, outdated computer systems and programs for the storage of older data, system failures, system decommissioning and underperforming third party service providers (including where the business continuity and data security of such third parties proves to be inadequate), may all lead to incomplete or inappropriate documentation, or the loss or inaccessibility of documentation. Following an internal review, shortcomings in documentation were uncovered and due to the large number of client files, more may be uncovered in the future which has caused and may cause in the future, the Issuer to pay out compensation to clients. The fact that the constituent parts of the Issuer have historically documented legal acts and transactions with clients differently, and, in consequence, different procedures, models and IT systems have been applied to similar transactions, increases this risk. If legal acts or transactions are not properly documented or the paperwork is inadequately stored, this could lead to failure to comply with legal and regulatory requirements on administrative and other record keeping requirements, delays in accessing data required to comply with regulatory requests and requirements, inability to and for making the right commercial decisions and could have an impact on providing information or evidence in regulatory and other investigations, procedures or litigation in which the Issuer may be involved.

Management requires adequate information about the Issuer, its clients and counterparties and about the state of financial markets and market data in order to make appropriate and informed commercial and strategic decisions. If management data on the Issuer's credit portfolios is inadequate, this could lead to the Issuer exceeding its concentration risk guidelines and incurring more risk than would be prudent or than is permitted pursuant to applicable rules and regulations. Similarly, if, as happened in certain instances regarding savings mortgages sold, changes in the products the Issuer offers are not properly processed a mismatch may occur between the amount due at maturity and the amount saved by the client. This may lead to claims for compensation on the Issuer. Also, the strategic decisions that the Issuer takes are to a large extent dependent on accurate data. If the quality of data available to the Issuer's management is insufficient, because it is incomplete, not up-to-date, unavailable or not available in a timely fashion or because it contains mistakes or because its significance is not properly evaluated, this could have a material adverse effect on the Issuer's business, results of operations and reputation.

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

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

Clients in the future could increasingly use "execution only" services instead of paying for advice and such shift could lead to injudicious client losses and decisions which they may seek to recover from the Issuer on the basis of duty of care principles.

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

Another subject that has attracted press coverage regards the provision of loans by the Issuer to students of flight training programs on the basis of expected future earnings. A large number of students has not been able to find work upon qualifying as commercial pilots; as a result they have difficulties repaying the significant principal amounts and the interest owed by them. A number of former students has complained about the Issuer's practices. Similar issues exist with other categories of clients. If, going forward, lending on the basis of future income of the borrower is not permitted due to regulatory requirements, it may lead to less volumes of lending on that basis, which might materially and adversely affect the income of the Issuer.

European and national regulations, for example, increasingly require financial institutions to provide elaborate disclosure to clients on services and products, such as through a key investor information document, to permit clients to more reliably assess the service or product and to enable them to compare it with similar services or products offered by other providers. Increased price transparency rules have entered into force or are envisaged by proposed European regulations for various services and products, such as those based on MiFID II and the PRIIPS Regulation (Regulation 1286/2014). In the Dutch market, the AFM and Dutch banks have agreed upon providing (non-professional) clients increased price transparency as of 1 January 2015 in anticipation of similar rules set forth in MiFID II. These rules impose obligations on financial institutions to make clear to potential clients what a service or product costs and when prices may be changed.

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

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

Dutch courts have held that also non-profit organisations, public and semi-public institutions, and small and medium-sized enterprises may benefit from a duty of care more similar to that previously applicable to non-professional clients only, for example with respect to interest rate swap transactions. During the past few years, many of the (interest) derivatives sold to SME and (semi-)public institutions, such as housing corporations (*woningcorporaties*), educational institutions (*onderwijsinstellingen*), (governmental) agencies dealing with water management (*waterschappen*), healthcare institutions, municipalities and provinces, have shown a negative value as a result of a sharp fall in interest rates. This development has received negative attention in the Dutch media, in Parliament and from the AFM. Multiple lawsuits, including class actions, on the subject are pending or have resulted in settlements or court decisions and Kifid rulings. In June 2015, Parliament resolved that the government would reprimand financial institutions, remind them of their responsibility in society following from their special duty of care (*bijzondere zorgplicht*) and move them to cooperate to remove clauses in derivatives portfolios that hinder supervision (e.g., termination events referring to powers of supervisory authorities).

As required by and in consultation with the AFM, the Issuer has reviewed its SMEs interest rate derivative portfolio. In December 2015 the AFM concluded that some aspects of the reviews banks were conducting would need to be amended. The AFM instituted a taskforce with the objective to arrive at a uniform solution for all clients and banks. On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a panel of independent experts. On 5 July 2016 this committee of independent experts published its advice on the reassessment of SME and middle market interest rate derivatives. ABN AMRO is adhering to this advice. The Issuer consulted with the panel of independent experts to determine how this advice affected the Issuer's review process in practice. The final recovery framework was published on 19 December 2016. In the first quarter of 2017 the Issuer began reassessments of around 6,800 clients with some 9,000 interest rate derivatives. At various points in the process the reassessments will be checked by an independent external file reviewer – in ABN AMRO's case, audit firm PwC. However, no assurance can be given that the AFM and other (supervisory) authorities may take further measures against or impose fines on the parties involved, including the Issuer.

Following the extensive media attention in relation to Vestia in general, a public and political discussion was initiated as to whether SME and (semi-)public institutions can be considered as professional clients or whether they should benefit from a higher level of protection. The AFM expressed the view that clients should be classified not only pursuant to the statutory rules regarding client classification, but also on the basis of information provided by the client in respect of its actual level of knowledge and experience with the relevant service or product. Policy guidelines on the use of financial derivatives by (semi-)public institutions of the Dutch Minister of Finance (*Beleidskader inzake het gebruik van financiële derivaten door (semi-)publieke instellingen*) published on 17 September 2013 prescribe among other things that (semi-)public institutions may only enter into financial derivatives with an investment firm if it has classified them as a non-professional client. Although the Issuer has re-classified all housing corporations, educational institutions and care institutions as non-professional clients, this may not protect it from claims for services rendered or products sold prior to the re-classification.

In addition, ABN AMRO Levensverzekering N.V. ("**ABN AMRO Levensverzekering**"), a subsidiary of Delta Lloyd ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**") in which the Issuer has a 49% interest, is exposed to claims from customers concerning unit-linked insurance contracts. ABN AMRO Levensverzekering entered into settlements with certain consumer and investor interest groups on standardised charges for individual, privately held unit-linked insurance products purchased in the past. ABN AMRO Levensverzekering has taken provisions for these settlements and remains a well-capitalised life insurance company. The Issuer in cooperation with ABN AMRO Levensverzekering is also executing the flanking policy. The public debate around insurance mis-selling (*woekerpolissen*) is however still ongoing and possible future claims and related costs may affect the capital position of ABN AMRO Levensverzekering. The Issuer has received complaints and faces, and may in the future face additional, exposure and claims for its role in distributing these products. A number of Kifid proceedings is pending against the Issuer and the insurers. See also the risk factor "*—32. The Issuer can be forced, upon a change of control over the Issuer or Delta Lloyd N.V., to buy shares it does not yet own in Dutch insurance business ABN AMRO Verzekeringen. If this risk were to materialise, the Issuer could be forced to pay a currently unknown purchase price that would likely be material, the Issuer would be required to consolidate ABN AMRO Verzekeringen into its financial statements, which may have material adverse consequences for the Issuer's capital and liquidity ratios, and any potential losses incurred by ABN AMRO Verzekeringen would from then on be entirely for the account of the Issuer*".

ICS, the credit card business of ABN AMRO, has identified certain issues in its credit lending portfolio and its internal processes and IT systems. ICS allowed credit limits to a number of its clients above their lending capacities. ICS has prepared a redress scheme that contains remedial measures for affected clients. ICS started the implementation of this scheme in March 2017. ICS reported these issues to the AFM. The AFM notified ICS that it intends to impose fines in relation to these issues. ICS is currently awaiting the AFM’s decision.

The developments described above are complex and could have substantial consequences for the Issuer, including an increase in claims by customers and increased costs and resources. Also, it cannot be excluded that additional sector-wide measures will be imposed by supervisory

authorities or the legislator which can have a material adverse effect on the Issuer. All these developments may have a material adverse effect on the Issuer's business, reputation, results of operations, financial position and prospects.

17. ***The Issuer is subject to operational risks that could adversely affect its business.***

The Issuer is exposed to many types of operational risk, being the risk of loss resulting from inadequate or failed internal processes, and systems, or from external events. Categories of risks identified by the Issuer as operational risks are: client, product and business practices, execution, delivery and process management, technology and infrastructure failures, malicious damage (terrorism), disasters and public safety and employee practices and workplace safety. This includes the risk of internal and external fraud, crime, cybercrime or other types of misconduct by employees or third parties, unauthorized transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems, all of which could have a material adverse effect on the Issuer's business, reputation, results of operations, financial condition and prospects. In the area of payments, over the past several years the Issuer has been subject to cybercrime fraud in the form of phishing and malware. The Issuer believes that there is a growing threat of attacks on information technology systems from individuals and groups via the internet, including the IT systems of the Issuer that contain client and Issuer information and transactions processed through these systems.

Operating the IT landscape is a core part of the Issuer's activities. The Issuer's current IT infrastructure is complex, with (i) a high number of applications (including duplicate functionalities), (ii) many interfaces and/or a large number of point-to-point interfaces that are difficult to maintain, (iii) partly outdated software for which it is hard to find skilled resources, (iv) no uniform data definitions or data models and (v) a highly diversified infrastructure with different types and versions of platforms. This results in data quality issues, high maintenance cost and necessitates manual actions in day-to-day processes, but more importantly reduces the agility for responding quickly to market trends and new innovations.

The Issuer may also be subject to disruptions of the Issuer's operating systems, arising from events that are wholly or partially beyond the Issuer's control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to losses in service to customers and to loss or liability to the Issuer, including potentially large costs to both rectify the issue and possibly reimburse losses to the client. The Issuer is further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to the Issuer, and to the risk that their business continuity and data security systems prove to be inadequate. The Issuer is currently re-engineering and simplifying its IT and operations landscape. There can be no assurance that the Issuer will realise the anticipated benefits associated with this re-engineering programme in the timeframe planned, or at all. In addition, there can be no assurance that the total implementation cost currently anticipated will not be exceeded. Technological advances between now and full implementation of the programme may be faster than the re-engineering programme anticipates, resulting in the risk that the Issuer may need to make further investments in its IT landscape.

Also, the quality of data available to management may, at times, be insufficient or the data might not be available in a timely fashion. This may cause management to make improper decisions which in turn could influence the Issuer's results of operations or financial position adversely. Furthermore, the Issuer faces the risk that the design of the Issuer's controls and procedures prove to be inadequate or are circumvented. Technological efficiency and automation is an important factor for the control environment of the Issuer. Inadequate technology in the control environment may, for example, lead to delayed or late detection or reporting, or no detection or reporting at all, of errors, fraud, incidents, risks or the materialisation thereof, which may lead to losses, fines, claims, regulatory action and reputational damage. Although the Issuer has implemented risk controls and loss mitigation measures, and substantial resources are devoted to developing efficient procedures, to identify and rectify weaknesses in existing procedures and to train staff, it is not possible to be certain that such actions have been or will be effective in controlling each of the operational risks faced by the Issuer.

The Issuer also makes use of IT applications hosted by and stores data, such as for example the Issuer's HR data, with third party service providers. ABN AMRO relies on third parties in connection with its IT and market infrastructure such as Equens, Euroclear, SWIFT and exchanges. Failure of these third-party service providers could lead to interruptions in the business operations of ABN AMRO and of services offered or information provided to clients. Such failures could also prevent ABN AMRO from serving clients' needs in a timely manner. For example, for many if not most of its own and its clients' payments, the Issuer relies on SWIFT.

There is currently no critical client data stored in applications of third parties, but it cannot be excluded that this will change in the future. Subject to strict rules, some third party providers have access to, or are given, privacy sensitive client or employee information. The Issuer is subject to regulations that control the flow of information such as privacy laws and the passing on of price sensitive information. As a result, information about the Issuer, its clients or its employees that is made intentionally, unintentionally or unlawfully public by employees, contractors or personnel seconded to the Issuer, including employees of third party suppliers, could lead to regulatory sanctions, breaches of privacy rules, confidentiality undertakings and other legal and contractual obligations, possibly resulting in claims against the Issuer and a loss of trust in the Issuer. In addition, leaked information may be used against the interests of the Issuer, its clients or its employees, including in litigation and arbitration proceedings.

Any weakness in these systems or controls, data leakages, or any breaches or alleged breaches of applicable laws or regulations, could have a material adverse effect on the Issuer's business, financial position, reputation and results of operations.

18. ***The Issuer's risk management methods may leave the Issuer exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities (tail risk).***

The Issuer uses various models, duration analysis, scenario analysis and sensitivity analysis as well as other risk assessment methods. Nonetheless, a chance always remains that the Issuer's risk management techniques and strategies may not be fully effective in mitigating the Issuer's risk exposure in all economic market environments or against all types of risk, including risks that the Issuer fails to identify or anticipate. Some of the Issuer's tools and metrics for managing risk are based upon the use of observed historical market behavior. The Issuer applies statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict future risk exposures. The Issuer's losses, thus, could be significantly greater than the Issuer's measures would indicate. In addition, the Issuer's quantified modelling may not take all risks into account. The Issuer's more qualitative approaches to managing risks takes into account a broader set of risks, but is less precise than quantified modelling and could prove insufficient. Unanticipated or incorrectly quantified risk exposures could result in material losses in the Issuer's banking businesses.

19. ***Failure to comply with anti-money-laundering, anti-bribery, tax and anti-corruption laws or international sanctions could lead to fines or harm the Issuer's reputation and could disrupt the Issuer's business and result in a material adverse effect on the Issuer's business, financial position and results of operations.***

Combating money laundering, bribery and terrorist financing, tax evasion and corruption and the enforcement of compliance with economic sanctions has been a major focus of government policy relating to financial institutions in recent years (most notably for the Issuer's operations in the United States, the European Union and Asia). These laws and regulations impose obligations on the Issuer to maintain appropriate policies, procedures and controls to detect and prevent money laundering and terrorist financing, report unusual transactions and suspicions of money laundering and terrorist financing, comply with economic sanctions and combat bribery and corruption. Even though staff is regularly trained on these subjects and appropriate measures are implemented to support staff, the Issuer depends on sufficient awareness and compliance by its staff of these relevant laws and regulations for the execution of its policies, procedures and controls. The Issuer may violate anti-money laundering and counter terrorism financing rules and regulations for failure to properly identify and verify the identification of clients (including whether such client is subject to sanctions), determine a client's source of funds or the reason for the banking relationship.

Despite the Issuer's compliance programs and internal control policies and procedures, a risk remains that the Issuer's clients, employees or agents might commit reckless or negligent acts, or that they might violate laws, regulations or policies. The Issuer's ECT business may be exposed to a heightened risk of corruption since some of its clients are active in countries with relatively high scores on corruption indices.

The legislation, rules and regulations which establish sanctions regimes are often broad in scope and complex, and in recent years, governments have increased and strengthened such regimes. As a consequence, the Issuer may be forced to restrict certain business operations or unwind certain ongoing transactions or services, which may cause material losses and affect the Issuer's ability to expand.

Regardless of the Issuer's various compliance programmes, its internal security unit, internal control policies, management control procedures and other procedures and efforts to prevent breaches from materialising, there remains a risk of breaches of anti money laundering, anti-bribery, tax and anti-corruption laws or international sanctions, in the event the Issuer is unable to detect non-compliant behaviour in time or at all.

In addition, the extra-territorial reach of U.S. and EU regulations in respect of economic sanctions requires the Issuer to establish effective controls and procedures in order to prevent violations of United States and EU sanctions against designated foreign countries, nationals, entities and others. The Issuer's operations and the products and services it offers bring it within the scope of these sanctions regimes. For example, the crisis in the region of Crimea and related events led to sanctions for certain transactions in relation to Russia. Should new or escalated tensions between Russia and Ukraine or other countries emerge, or should economic or other sanctions in response to such crises or tensions be imposed, this could have a further adverse effect on the economies in the region, including the Russian economy, and could lead to further sanctions being imposed. This could have a material adverse effect on Issuer's operations and the products and services it offers in relation to such regions.

Failure by the Issuer to implement and maintain adequate programmes to combat money laundering, bribery and terrorist financing, tax evasion and corruption or to ensure economic sanctions compliance could lead to fines or harm the Issuer's reputation and could disrupt the Issuer's business and result in a material adverse effect on the Issuer's business, financial position, results of operations and prospects. See the chapter "*The Issuer—1.ABN AMRO BANK N.V.—Legal and arbitration proceedings—Dubai branch irregularities*." and "*The Issuer – 1. ABN AMRO Bank N.V. – Legal and arbitration proceedings - Discussions with tax authorities in Switzerland and Germany*."

With respect to certain countries, such as Iran, Syria and Russia and the Crimean peninsula of Ukraine, amongst others, the U.S. State Department, the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") and the European Union have issued restrictive measures and trade embargoes which together form a complex set of economic restrictions. A financial institution found to have engaged in specified activities involving targeted countries, regimes, organizations or individuals could become subject to various types of sanctions, including (but not limited to) denial of U.S. bank loans, restrictions or a prohibition on its ability to open or maintain correspondent or payable-through accounts with U.S. financial institutions, and the blocking of its property within U.S. jurisdictions.

20. ***The Issuer is subject to changes in financial reporting standards, such as IFRS 9 or policies, including as a result of choices made by the Issuer, which could materially adversely affect Issuer's reported results of operations and financial condition and may have a corresponding material adverse impact on capital ratios.***

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

may have a corresponding material adverse effect on capital ratios. For example, IFRS 9 on financial instruments, which will replace IAS 39, will result in significant changes to the Issuer's consolidated financial statements. The contemplated accounting change becomes effective for annual periods beginning on or after 1 January 2018. As a result of IFRS 9, the Issuer will have to recognise credit losses on loans and other financial instruments at an earlier stage which will lead to a substantially higher loan loss allowance, and corresponding lower capital on implementation. In addition, IFRS 9 is expected to lead to more profit and loss and capital volatility, because changes in counterparty credit quality could lead to shifts from a 12-month expected loss to a life time expected loss and *vice versa*. In addition, more financial instruments may be classified at fair value through profit or loss. An increase in loan loss provisions, and the potential for greater pro-cyclicality on provisioning, could have an impact on lending activities due to implementation of IFRS 9. These and further changes in financial reporting standards or policies, including as a result of choices made by the Issuer, could have a material adverse effect on the Issuer's reported results of operations and financial condition and may have a corresponding material adverse effect on capital ratios.

21. ***The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.***

The value of certain financial instruments, such as (i) financial instruments classified as 'held-for-trading' or 'designated as at fair value through income', and (ii) financial assets classified as 'available-for-sale' recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate. Generally, to establish the fair value of these instruments, the Issuer relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data.

In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in market conditions. In such circumstances, the Issuer's internal valuation models require the Issuer to make assumptions, judgements and estimates to establish fair value. Given the nature of these instruments, these internal valuation models are complex, and the assumptions, judgements and estimates the Issuer is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated in the face of changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments has had and may have a material adverse effect on the Issuer's results of operations and financial position.

22. ***The Issuer is subject to legal risk, which may have an adverse impact on the Issuer's business, financial position, results of operations and prospects.***

In the ordinary course of business the Issuer is involved in a number of legal proceedings. The Issuer's business is subject to the risk of litigation by customers, borrowers, employees, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. It is inherently difficult to predict or quantify the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving the Issuer and its businesses. The cost to defend current and future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of the Issuer's services, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. Examples are the failure or perceived failure to comply with legal and regulatory rules, laws, regulations and other requirements, principles, guidelines (including but not limited to guidelines addressing possible ecological, social and ethical risks) or codes of conduct (including but not limited to the code of conduct on sustainability) by the Issuer, its customers, or other third parties linked to the Issuer, anti-money laundering, bribery or anti-corruption measures, anti-terrorist financing procedures, tax evasion or avoidance by clients, the quality and transparency of products sold to clients, the manner in which the Issuer protects its legitimate interest upon a client default or a margin obligation arising or the conduct of its employees. See also the risk factor "*16. The Issuer is exposed to regulatory scrutiny and*

potentially significant claims for violation of the duty of care owed by it to clients and third parties" above and the risk factor "*23. The Issuer is subject to reputational risk*" below. As a result, litigation may adversely affect the Issuer's business. See "*The Issuer—1. ABN AMRO Bank N.V. —1.8 Legal and arbitration proceedings*".

In presenting the consolidated annual financial statements, management may make estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. If the provisions made turn out not to be sufficient, the Issuer is at risk of incurring losses that have not or not sufficiently been provided for. Such losses may occur potentially years after the event that caused them. Changes in estimates may have an adverse effect on the Issuer's business, financial position, results of operations and prospects.

23. ***The Issuer is subject to reputational risk.***

Reputational risk exists in many forms in all of the Issuer's activities. Examples are the failure or perceived failure to comply with legal and regulatory rules, laws, regulations and other requirements, principles, guidelines (including but not limited to guidelines addressing possible ecological, social and ethical risks) or codes of conduct (including but not limited to the code of conduct on sustainability) by the Issuer, its customers, or other third parties linked to the Issuer, anti-money laundering, bribery or anti-corruption measures, anti-terrorist financing procedures, tax evasion or avoidance by clients, the quality and transparency of products sold to clients, the manner in which the Issuer protects its legitimate interest upon a client default or a margin obligation arising or the conduct of its employees.

Reputational risk is, for example, generally perceived to be significant in the diamond and jewellery business, in which business the Issuer is one of a limited number of international lenders. In addition, the Issuer's reputation could also be harmed as a result of negative external publicity over which the Issuer has no or minimal control (such as social media). These factors may adversely affect the Issuer's operating results, prospects and financial position.

24. ***The Issuer's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may adversely affect the Issuer's performance.***

Employees are one of the Issuer's most important resources and competition for qualified employees is intense. In order to attract and retain qualified employees, the Issuer seeks to compensate such employees at market levels. Higher compensation costs or the inability to attract and retain qualified employees due to regulatory restrictions on remunerations could have a material adverse effect on the Issuer's performance.

The financial industry has implemented new rules and regulations on remuneration policies such as those included in the EU Capital Requirements Directives known as CRD III and CRD IV, which in The Netherlands have been implemented in the Act on the Remuneration Policies of Financial Undertakings (*Wet beloningsbeleid financiële ondernemingen*), the Regulation on Sound Remuneration Policies (*Regeling beheerst beloningsbeleid Wft*), and the governance rules and guidelines included in the Dutch Banking Code (*Code Banken*).

Under European and Dutch law, remuneration of employees active in the financial sector is restricted. The Dutch Act on the Remuneration Policies of Financial Undertakings, which entered into force on 7 February 2015, includes certain bonus caps for employees of a Dutch financial institution, including a cap on variable remuneration of 20% of the fixed salary for employees that are employed in The Netherlands, 100% for employees that are employed elsewhere in the European Union and 200% for employees that are employed outside of Europe.

Furthermore, the Dutch rules include certain bans on any variable remuneration (effectively a bonus prohibition) for certain employees of Dutch financial institutions that have received a form of state aid. State aid includes, amongst other things, capital support, guarantees by the government and nationalisation of a financial institution in order to stabilise the financial system. As a result of this ban, members of the Managing Board as well as certain categories of senior management are not permitted to receive any variable remuneration or increases in the base

salary other than increases reflecting collective adjustments, such as increases based on collective labour agreements.

The financial industry may encounter additional restrictions on employee compensation, or employee compensation may be made subject to special taxation, which could have an adverse effect on the Issuer's ability to hire or retain the most qualified employees in the future. Furthermore, regulations or taxations on employee compensation may become more restrictive for the Issuer and other Dutch financial institutions than for some of its competitors in other jurisdictions or markets, which could have an additional adverse effect on the Issuer's ability to hire or retain the most qualified employees in the jurisdictions or markets where it operates or intends to operate.

25. ***The Issuer's clearing business may be subject to regulatory actions and fines or may incur losses that could materially and adversely affect the Issuer's financial condition and results of operations, prospects and financial condition as well as materially and adversely affect the Issuer's reputation.***

The Issuer's subsidiary ABN AMRO Clearing Bank N.V. ("**ABN AMRO Clearing**") is a global clearing firm and plays a leading role as a systematically relevant participant in the financial market infrastructure on various exchanges, trading venues and on the over-the-counter markets. ABN AMRO Clearing provides, amongst others, the following services with respect to financial instruments and derivatives: clearing, settlement, custody, financing, direct market access, securities lending and margin financing. ABN AMRO Clearing has access to all major exchanges and is connected to over 150 liquidity centres worldwide. ABN AMRO Clearing provides these services exclusively to professional clients such as principal trading groups, alternative investors, financial institutions, corporate hedgers and market makers. Due to the nature of its clients, ABN AMRO Clearing processes very large transaction volumes on a daily basis and is responsible for clearing and settlement of large percentages of the daily volumes traded on exchanges and other liquidity centres around the world.

ABN AMRO Clearing is a trading member to a number of exchanges and a general clearing member to several central counterparties ("**CCPs**"). Furthermore, ABN AMRO Clearing makes use of a number of third-party service providers and street side parties, such as brokers, other banks (such as nostro banks), settlement agents, repo and stock borrowing or lending counterparties, (sub)custodians, payment infrastructure and central securities depositaries. Failure of these parties or third party service providers could lead to interruptions in the business operations and systems of ABN AMRO Clearing, of services offered or offered in a timely manner to its clients and could lead to regulatory fines.

In accordance with applicable rules, ABN AMRO Clearing contributes to the default fund of the CCPs of which it is a clearing member. The default fund can be used in case of default by another clearing member of such a CCP. ABN AMRO Clearing may be requested to provide additional contributions to a CCP default fund in the event that this default fund is not sufficient to cover the default of another clearing member. Furthermore, ABN AMRO Clearing is exposed to counterparty risk in respect of each CCP to which ABN AMRO Clearing is a clearing member. A default by various other clearing members or a CCP itself could impact market circumstances and may therefore also materially and adversely affect the value of collateral held by ABN AMRO Clearing. Any default or other failure by a clearing member or a CCP could materially affect ABN AMRO Clearing's results of operations, prospects and financial condition.

ABN AMRO Clearing has outsourcing and offshoring arrangements with a third party in respect of certain services relating to back office operations, such as corporate actions and settlements. ABN AMRO Clearing is at risk of this third party not delivering on its contractual obligations.

ABN AMRO Clearing is exposed to operational risk arising from the uncertainty inherent to its business undertakings and decisions. Operational risk includes the risk of loss resulting from inadequate or failed internal processes, systems, human error or external events.

ABN AMRO Clearing's business operates on the basis of extensive and complex IT systems. If these systems fail to operate properly, resulting in for example trades not being settled or not being settled in a timely manner or over-the-counter transactions not being concluded in time, it

could result in substantial losses for ABN AMRO Clearing as well as a potential loss of opportunity for its clients. ABN AMRO Clearing has in the past incurred and risks incurring in the future regulatory fines related to failures in the proper operation of IT systems, regardless of whether these were caused by failure of an ABN AMRO Clearing system or a third party system. As a result, the Issuer could also suffer reputational damage.

ABN AMRO Clearing offers its clients global execution services. This means that clients are provided with direct market access and as such can use ABN AMRO Clearing's memberships, which enables them to place orders directly on certain markets and stock exchanges in the name of ABN AMRO Clearing. Some clients may use automated trading systems such as algorithmic trading and high frequency trading. If these types of trading become more controversial this may lead to reputational damage for ABN AMRO Clearing and the Issuer. Any breaches by clients or by ABN AMRO Clearing itself of applicable laws, rules and regulations, including market abuse prohibitions and regulatory reporting obligations may result in regulatory actions taken against or fines being imposed on ABN AMRO Clearing. ABN AMRO Clearing has in the past incurred and risks incurring in the future regulatory fines in this regard. Furthermore, if a client fails to perform its obligations under any contract entered into in the name of ABN AMRO Clearing, ABN AMRO Clearing may be held liable. ABN AMRO Clearing may fail to effectively perform pre-trade and post-trade controls, to exercise timely risk-monitoring and transaction surveillance or to employ a kill-switch device or to perform regulatory reporting obligations, and may therefore not be successful in preventing erroneous trading, such as "fat finger errors", incorrect functioning of automated trading systems, or misconduct by its clients. This risk is particularly relevant in respect of clients who employ their own trading or order systems instead of ABN AMRO Clearing's infrastructure. Although ABN AMRO Clearing may have recourse on its clients for any of such breaches or non-performance, there remains a risk that ABN AMRO Clearing is not able to fully recover amounts paid. Client conduct may therefore have a material adverse effect on ABN AMRO Clearing's reputation, results of operations and its financial condition.

ABN AMRO Clearing uses internal risk management methods and models for calculating its exposure to its clients. ABN AMRO Clearing could incur losses if the risk management methods and models used turn out not to be adequate.

ABN AMRO Clearing seeks to mitigate its exposure to clients through the maintenance of collateral, including for client positions that ABN AMRO Clearing finances. Often, collateral consists of cash or financial instruments, the value of which may fluctuate in very short periods of time. Therefore, ABN AMRO Clearing applies a haircut, the level of which is dependent on the volatility and liquidity of the underlying collateral. A change in the value of the collateral will be absorbed by the haircut but may nonetheless result in ABN AMRO Clearing holding insufficient collateral. ABN AMRO Clearing can accordingly be exposed to credit risk on its clients. Furthermore, if a client's collateral becomes insufficient, ABN AMRO Clearing may not be able to immediately take remedial action, which may result in increased damages. If ABN AMRO Clearing does take remedial action, especially in the case of large sudden price movements, it may face a claim from its client. If a client goes bankrupt or becomes insolvent, ABN AMRO Clearing may become involved in disputes and litigation with the client's bankruptcy administrator or may become involved in regulatory investigations. This could increase ABN AMRO Clearing's operational and litigation costs and may result in losses.

ABN AMRO Clearing is a global clearing firm with branches and subsidiaries in different jurisdictions, which may be funded by ABN AMRO Clearing. Clients of ABN AMRO Clearing operate in multiple markets and require funding for their activities in multiple currencies. ABN AMRO Clearing runs an operational risk of not receiving the required funding in a timely manner at a certain location or other types of operational and regulatory risks that are inherent to a multiple-entity and multiple-country set up.

ABN AMRO Clearing services its clients from its different branches and subsidiaries. Where relevant, a client may have entered into a number of client agreements with the different branches and subsidiaries of ABN AMRO Clearing. Information of or with respect to clients may be transported between the different branches and subsidiaries of ABN AMRO Clearing. Even though the corporate interest mandates careful handling of client information, ABN AMRO Clearing runs the risk that regulations and contractual obligations that control the flow of

information such as privacy laws may be breached which could result in fines from regulators, claims from clients and reputational damage and could have a material adverse effect on ABN AMRO Clearing's business, results of operations and financial condition.

ABN AMRO Clearing is a global clearer and therefore it is always exploring the possibilities of doing business in countries where it currently has no presence. ABN AMRO Clearing has a banking license in The Netherlands, but local registration, license requirements and regulatory requirements can vary for different types of investors and services. Furthermore, as long as ABN AMRO Clearing is not locally registered or has obtained a licence, restrictions might apply with respect to marketing activities. ABN AMRO Clearing risks incurring regulatory fines if it breaches any local requirements, among other things, related to soliciting business and such breach may have a reputational impact.

Under CRD IV competent supervisory authorities may, as a result of the SREP, require additional capital to be maintained by ABN AMRO Clearing relating to elements of risks which are not or not fully covered by the pillar 1 minimum own funds and combined buffer requirements.

ABN AMRO Clearing is largely dependent on its parent ABN AMRO Bank for the sourcing of liquidity. The Issuer is continuously assessing whether the internal fund transfer pricing reflects the maturity profile of the underlying client portfolio. Changes in internal fund transfer pricing could have an impact on ABN AMRO Clearing's profitability.

The analysis of whether a clearing member has become party to one or more financial instruments as a result of the client clearing transactions is complex and is further complicated by the pace of change in the market around the global clearing processes. This involves among other things the assessment of recognition of derivatives as well as the possible subsequent derecognition or offsetting of positions. Any changes to the accounting treatment of exchange traded derivatives ("**ETDs**") could have a material impact on ABN AMRO Clearing's balance sheet, profitability and financial condition and could, as a consequence, have an impact on the Issuer.

Finally, new capital requirements applicable to clearing operations could force the Issuer to hold more capital for its clearing operations, which would affect the profitability of the clearing business and which could restrict the ability of the Issuer to use this capital for other – potentially more profitable – operations. For example, mainly due to the implementation of a revised calculation method for the exposure measure for clearing services set out in Commission Delegated Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the leverage ratio ("**CDR**"), the Issuer's fully-loaded leverage ratio decreased from 3.5% as at 31 March 2015 to 3.1% as at 30 June 2015. The revised calculation method led to a considerable increase in the exposure measure, particularly the derivative exposure. The CDR specifies that when a clearing member guarantees the exchange traded derivative transactions of clients towards CCPs, it must include the guarantee in the exposure measure. Furthermore, the non-renewal of waivers granted by the competent authority of the application of certain prudential requirements including capital requirements on a solo basis (solo waivers) currently in place with respect to ABN AMRO Clearing could have an adverse effect on ABN AMRO Clearing's capitalisation.

Each of the above events can materially and adversely affect ABN AMRO Clearing's, and thereby the Issuer's, results of operations, prospects and financial condition as well as materially and adversely affect the Issuer's reputation.

26. ***The Issuer is subject to additional risk exposure as a consequence of the Legal Demerger, Legal Separation, EC Remedy and Legal Merger that could adversely affect its business.***

The execution of the Legal Demerger, Legal Separation (including in relation to the EC Remedy) and Legal Merger have created risks for the Issuer's business and stability.

Following completion of a legal demerger, creditors only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of issued financial instruments. Under the Dutch Civil Code, however, each of RBS N.V. and the Issuer remains

liable to creditors for certain monetary obligations of the other that existed at the date of the Legal Demerger in the event that the other cannot meet such obligations. In each case, this liability relates only to obligations existing at the date of the Legal Demerger and is limited to the amount of equity acquired at the Legal Demerger.

At the date of the Legal Demerger, the obligations of RBS N.V. exceeded the equity of ABN AMRO Bank N.V. Therefore the contingent liability of ABN AMRO Bank N.V. to creditors of RBS N.V. is limited to the amount of equity acquired at the date of the Legal Demerger.

The Issuer has made arrangements to mitigate the risks of liability to the creditors which transferred to RBS N.V. upon the Legal Demerger. RBS N.V. has also made arrangements to mitigate the risks of liability to the creditors that transferred from RBS N.V. to the Issuer. Both RBS N.V. and the Issuer hold the level of regulatory capital agreed upon with DNB for purposes of covering any residual risks. There is no assurance that the mitigating arrangements taken by the Issuer are sufficient to satisfy all claims of creditors transferred to RBS N.V. See "*The Issuer—1. ABN AMRO Bank N.V.—1.1 History and recent developments* ".

On 7 August 2008, the EC Remedy part of ABN AMRO Bank N.V. was demerged to New HBU II N.V., giving rise to similar cross liabilities as described. In the event that New HBU II N.V. fails to meet its obligations, ABN AMRO Bank N.V. remains liable to its creditors in respect of obligations that existed at the New HBU II N.V. demerger date. This liability is limited to the equity retained at the legal demerger date.

In addition, the Issuer is subject to several risks, including financial, liquidity, operational, legal, compliance, and reputational risk as a result of the Legal Demerger, Legal Separation and EC Remedy Risks in connection with the Legal Demerger, Legal Separation and EC Remedy have been identified and managed from the start of these processes and risk tolerance levels have been set. However, risk exposure increases as a result of a demerger, separation or merger process and the Issuer may be exposed to large, unexpected events.

The above factors may have an impact on the execution of the Issuer's strategy and/or materially adversely affect the Issuer's results of operations, prospects and financial position.

27. ***Termination of Dutch State Ownership of the Issuer may result in increased perception of risk by investors, depositors and customers.***

On 1 July 2015 Dutch Parliament approved the Dutch Government's decision to return ABN AMRO to the private market and on 20 November 2015 ABN AMRO Group N.V. was listed and the trading in the depositary receipts for ordinary shares commenced.

On 17 November 2016 additional depositary receipts representing ordinary shares in ABN AMRO Group N.V. were sold. Following the settlement, the stake of the Dutch State declined from 77% to 70%.

The timing and the form in which further changes in the ownership of the Issuer may take is uncertain and may result in increased perception of risk by investors, depositors and customers which could adversely affect.

28. ***The Issuer is exposed to a variety of political, legal, social, reputational, economic and other risks due to its international growth strategy and existing international presence.***

The Issuer intends to grow in Northwest Europe and selected sectors globally. Accordingly, the Issuer may develop a new key market or decide to make additional investments in existing higher-risk markets, and may as a result be exposed to additional or increased social, political and economic instability, among other risks. These risks relate to a wide range of factors, including but not limited to the following: currency restrictions and exchange controls, other restrictive or protectionist policies and actions, diverse systems of laws and regulation, the imposition of unexpected taxes or other payment obligations on the Issuer, changes in political regulatory and economic frameworks, economic sanctions, risks relating to modification of contract terms, or other government actions, capital controls and restrictions on the Issuer's ability to transfer cash to or repatriate cash from its subsidiaries, restrictions in certain countries on investments by foreign companies, divergent labour regulations and cultural expectations

regarding employment, and divergent cultural expectations regarding industrialisation, international business and business relationships. Sometimes, in certain jurisdictions, uncertainty may exist as to whether security interests vested for the benefit of the Issuer can be enforced as a legal or as a practical matter. The Issuer is also subject to the risk that the government of a sovereign state or political or administrative subdivisions thereof defaults on its financial obligations.

In addition, the Issuer is exposed to risks relating to its existing international presence as it has a number of subsidiaries, branches, (representation) offices, businesses and operations located outside The Netherlands and clients who operate internationally. International activities of the Issuer include internet based retail savings products in Eurozone countries (currently Germany, Belgium and Austria) via MoneYou, Private Banking activities in Western Europe, asset based financing in countries neighbouring The Netherlands, and ECT Clients and Clearing globally. For example, the Issuer offers asset based financing to clients in various countries through its ECT Clients business, including in Russia and in the Ukraine where the Issuer predominantly finances short term, strategic commodity exports (for example oil, grain or metals) and is accordingly exposed to sanctions risk.

No predictions can be made as to governmental regulations applicable to the Issuer's operations that may be enacted in the future, changes in political regimes or other political, social and economic instability, or as to risk of wars, terrorism, sabotage, other armed conflicts and general unrest. If the Issuer is unable to upstream capital and liquidity, including from local deposits, or has to fund itself locally, this might give rise to inefficiencies and increased costs. Furthermore, local registration or license requirements can vary for different types of investors and services. As long as ABN AMRO is not locally registered or has obtained a licence, restrictions might apply with respect to marketing activities. ABN AMRO risks incurring regulatory fines if it breaches any local requirements and such breach may have a reputational impact. A materialisation of any of the risks mentioned above may materially and adversely affect the Issuer's reputation and may limit the Issuer's ability to pursue its international growth strategy in regions where it currently operates or where it may wish to operate in the future and accordingly have a material and adverse effect on the Issuer's business, results of operations, financial condition, reputation and prospects.

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

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

30. ***If the Issuer is unable to successfully implement its strategy, or if its strategy does not yield the anticipated benefits, or if the Issuer is unable to successfully pursue targeted business opportunities, this could have a material and adverse effect on the Issuer's business, revenues, results of operations, financial condition and prospects.***

The Issuer's strategy aims to be client-driven, invest in the Issuer's future, strongly commit to a moderate risk profile and pursue sustainable growth. The strategy and targets of the Issuer are based on assumptions and expectations, including but not limited to macro-economic developments, interest rates, revenue, expenses and cost of risk, that may not prove valid. Also, the benefits and impact of the Issuer's strategy and targets could fall short of what the Issuer

envisages. The Issuer may, in addition, not succeed in achieving its targets, because of insufficient management attention, incorrect decisions or choices, inefficiencies or other reasons.

Furthermore, the Issuer may strive to achieve its strategy through acquisitions and/or divestments of businesses, operations, assets and/or entities. Acquisitions and divestment transactions may involve complexities and time delays, for example in terms of integrating and/or merging businesses, operations and entities, and targeted benefits may therefore not be achieved or be delayed. Furthermore, the Issuer may incur unforeseen liabilities from former and future acquisitions and divestments.

In addition, the Issuer intends to continue to explore and pursue opportunities to strengthen and grow its business generally. In doing so the Issuer may launch new products and enter new markets or increase its presence in existing markets. When seeking to expand its business, the Issuer may incur risks which may be material including, among other things, the risks described in the paragraph immediately below.

The Issuer may spend substantial time, money and other resources developing new products and services or improving offerings. If these products, services or improved offerings are not successful or not as innovative as envisaged, the Issuer may miss a potential market opportunity and not be able to offset the costs of such initiatives, which may have a materially adverse effect on the Issuer's income, revenue and/or cost base. Furthermore, the Issuer may develop new products and services that are not or are not sold in compliance with applicable rules or regulations. The Issuer may incur losses, fines, claims, regulatory action and reputational damage as a result thereof. The Issuer may enter or increase its presence in markets that already possess established competitors who may enjoy the protection of barriers to entry. The Issuer may offer new products and services, or improve products and services being offered, which may require substantial time and attention of its management team, which could prevent the management team from successfully overseeing other initiatives. The Issuer may become subject to new or stricter regulatory requirements, or the supervision by new supervisory authorities or existing supervisory authorities in new geographic markets which may increase its administrative, operational and management expenses (including management attention and time) to comply with such new or stricter requirements and supervision. Finally, the Issuer may not be able to identify new business opportunities.

The ability to successfully implement the Issuer's strategy or pursue business opportunities will also be impacted by factors such as general economic and business conditions, many of which are outside the control of the Issuer.

If the Issuer's strategy is not implemented successfully, or if the Issuer's strategy does not yield the anticipated benefits, or if acquisitions or divestments do not yield the anticipated benefits and/or lead to unforeseen liabilities, or if the Issuer is unable to successfully launch new products or services, improve offerings or pursue other business opportunities in time or at all, this could have a material and adverse effect on the Issuer's business, revenues, results of operations, financial condition and prospects.

31. ***The business model of full service banks such as the Issuer may in the mid to longer-term become difficult to sustain without substantially changing the business model***

If some of the following events were to occur simultaneously, this could constitute a threat to the viability of full service banks: more stringent capital requirements and more onerous risk weighting, increased competition, more regulation generally, disruptive technological advances, and pressure on margins. A combination of these and other factors might affect the profitability of the large full banking organisations subject to a large volume of regulations that require support by a complex and expensive IT infrastructure and that are subject to high capital and liquidity requirements for generally modest-margin services. If the Issuer does not manage to respond quickly and adequately to any reduced viability of parts of its business model, for example by entering new or growing existing successful business lines, then the Issuer's business might shrink and become less profitable. Full service banks may disappear with their services being taken over by businesses that are able to operate with fewer risks, a smaller infrastructure and with lower capital. It is possible also that certain elements of the business model of full

service banks will not prove viable over time as a result of which full service banks will focus on a part of their current value chain only.

The high number of change initiatives currently present within the Issuer's organisation could potentially endanger its business objectives. The Issuer considers change initiatives necessary in order to remain competitive. However, such initiatives also involve a heavy workload for the Issuer's entire organisation and limit the availability of staff and specific resources.

32. ***The Issuer can be forced, upon a change of control over the Issuer or Delta Lloyd N.V., to buy shares it does not yet own in Dutch insurance business ABN AMRO Verzekeringen. If this risk were to materialise, the Issuer could be forced to pay a currently unknown purchase price that would likely be material, the Issuer would be required to consolidate ABN AMRO Verzekeringen into its financial statements, which may have material adverse consequences for the Issuer's capital and liquidity ratios, and any potential losses incurred by ABN AMRO Verzekeringen would from then on be entirely for the account of the Issuer.***

The Issuer holds an indirect non-controlling 49% interest in ABN AMRO Verzekeringen. Delta Lloyd N.V. holds the remaining 51% in this joint venture. Upon a change of control in the Issuer or Delta Lloyd N.V., Delta Lloyd N.V. has the right to request that the Issuer buys its shares in ABN AMRO Verzekeringen at a price to be determined pursuant to a mechanism provided for in the shareholders' agreement. The current ultimate holding company of the Issuer is NLFI. A change of control includes a disposal by NLFI as a result of which NLFI would no longer hold a majority interest in the Issuer. On 12 April 2017 Delta Lloyd issued a press release in which it stated that NN Group acquired 79.9% of the shares of Delta Lloyd N.V.

The purchase price that the Issuer would have to pay for Delta Lloyd N.V.'s 51% interest cannot currently be determined, but it is likely to be material. As a result of the forced acquisition of the Delta Lloyd N.V. interest, the Issuer would hold 100% of ABN AMRO Verzekeringen. This would require the Issuer to consolidate ABN AMRO Verzekeringen into its financial statements and could adversely affect the Issuer, for example as a result of lower capital and liquidity ratios. The Issuer believes that ABN AMRO Verzekeringen is currently adequately capitalised, but if ABN AMRO Verzekeringen were to suffer significant losses, for example because of unexpected large claims in relation to insurance mis-selling, the Issuer might be forced to recapitalise ABN AMRO Verzekeringen. Because it would then own 100%, the amounts involved would be remarkably higher as would have been the case if it still held 49%. See also the risk factor *"—16. The Issuer is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties*". Currently, ABN AMRO Verzekeringen benefits from certain know-how and product development provided by Delta Lloyd N.V. If Delta Lloyd N.V. decides to sell its shares to the Issuer, it might no longer provide this type of technical assistance. Finally, if Delta Lloyd N.V. were to leave the joint venture, certain key personnel might decide to leave ABN AMRO Verzekeringen as well. The risks described above could alone and in the aggregate have a material adverse effect on the Issuer's business, its financial condition and its results of operations.

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

33. ***The Notes may not be a suitable investment for all investors.***

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

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

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

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

(iv) understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and

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

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

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Program. A number of these Notes may have features which contain particular risks for potential investors.

34. ***The Notes may be subject to optional redemption by the Issuer.***

The Final Terms and/or Pricing Term Sheet of any issue of a Series of Notes under the Program may specify that such Notes are subject to redemption at the option of the Issuer. Any 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 also may 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.

35. ***Fixed/Floating Rate Notes may be converted at the discretion of the Issuer.***

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 favorable 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.

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

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

37. ***The market value of Inverse Floating Rate Notes are more volatile than market values of other conventional floating rate debt securities.***

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.

38. ***The price of Notes issued at a substantial discount or premium may be more volatile.***

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

Risks related to Subordinated Notes

39. ***Holders of Subordinated Notes have limited rights to accelerate.***

The Issuer may issue Notes under the Program which are subordinated to the extent described in Condition 3 (*Status and Terms relating to Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes.

Any such Subordinated Notes will:

(i) prior to the occurrence of the Existing Subordinated Notes Redemption Event, constitute unsecured and subordinated 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 (other than those subordinated obligations expressed by their terms to rank junior to the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law; and

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

An "**Existing Subordinated Notes Redemption Event**" is deemed to have occurred upon redemption or repurchase and cancellation of the full outstanding principal amount of the Existing Subordinated Notes.

"**Existing Subordinated Notes**" means any instrument or loan issued or incurred before 1 January 2013, whether publicly or privately placed, ranking or expressed to be ranking *pari passu* with all other subordinated obligations (except for those subordinated obligations expressed by their terms to rank junior), provided that should any such Existing Subordinated Notes be amended in any way (contractually or by statute) which would result in allowing the Issuer to issue subordinated notes ranking senior thereto, then such Subordinated Notes would be deemed to no longer constitute an Existing Subordinated Note.

As a result, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 3 (*Status and Terms relating to Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes) with respect to the Issuer, the claims of the holders of the Subordinated Notes ("**Subordinated Noteholders**") against the Issuer will be:

(i) prior to the occurrence of the Existing Subordinated Notes Redemption Event, subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (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 Noteholder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from higher ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied; and

(ii) as from the occurrence of the Existing Subordinated Notes Redemption Event, subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) other unsubordinated claims and (d) subordinated claims expressed by their terms to rank in priority to the Subordinated Notes (collectively, "**Senior Claims**").

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

A Subordinated Noteholder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated or subordinated liabilities of the Issuer.

Furthermore, the Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the relevant Subordinated Notes.

In addition, the rights of Subordinated Noteholders are limited in certain respects. In particular, (i) redemption of Subordinated Notes pursuant to Conditions 6(b) (*Redemption for Tax Reasons*), 6(c) (*Redemption at the Option of the Issuer (Issuer Call)*) and 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes may only be effected after the Issuer has obtained the written consent of the Competent Authority, and (ii) the Issuer may be required to obtain the prior written consent of the Competent Authority before effecting any repayment of Subordinated Notes following an Event of Default. See Conditions 6(e) (*Early Redemption Amounts*) and 9 (*Events of Default*) of the Terms and Conditions of the Subordinated Notes for further details.

Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent. See also the risk factor "40. *There is a redemption risk in respect of certain issues of Subordinated Notes*" below.

Subordinated Noteholders will only have limited rights to accelerate repayment of the principal amount of Subordinated Notes. See Condition 9 (*Events of Default*) of the Terms and Conditions of the Subordinated Notes, which limits the events of default to (i) the Issuer being declared bankrupt, or a declaration in respect of the Issuer being made under article 3:163(1)(b) of the Wft and (ii) an order being made or an effective resolution being passed for the winding up or liquidation of the Issuer (unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Subordinated Notes). Accordingly, if the Issuer fails to meet any interest payment or other obligation under the Subordinated Notes, such failure will not give the Subordinated Noteholders any right to accelerate repayment of the principal amount of the Subordinated Notes. Furthermore, Subordinated Noteholders will have no set-off rights whether or not in the Issuer's bankruptcy.

40. ***There is a redemption risk in respect of certain issues of Subordinated Notes.***

If the applicable Final Terms and/or Pricing Term Sheet in respect of Subordinated Notes indicates that such Notes are redeemable at the option of the Issuer if there is a change in the regulatory classification of the Subordinated Notes that has resulted or would be likely to result in the Subordinated Notes being excluded, in whole but not in part, from the Tier 2 capital (within the meaning of the CRD IV Regulation as defined in the Conditions of the Subordinated Notes) of the Issuer or reclassified as a lower quality form of own funds of the Issuer, which change in regulatory classification (or reclassification) (i) becomes effective on or after the Issue Date and, if redeemed within five years after the Issue Date (ii) is considered by the Competent Authority to be sufficiently certain and (iii) the Issuer has demonstrated to the satisfaction of the Competent Authority was not reasonably foreseeable at the time of their issuance as required by Article 78(4) CRD IV Regulation, and provided the Issuer has notified the holders of the relevant Notes accordingly, the Issuer may redeem the relevant Notes at the amount and on the date(s) specified in the applicable Final Terms and/or Pricing Term Sheet. No assurance can be given as to whether or not any amendments as a result of the EU Banking Reform Proposals are deemed reasonably foreseeable at the time of the issuance of the Subordinated Notes.

41. ***There is variation or substitution risk in respect of certain Series of Subordinated Notes.***

If Variation or Substitution is specified in the applicable Final Terms and/or Pricing Term Sheet and if a CRD IV Capital Event or a Capital Event (as defined in Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes) has occurred and is continuing, then the Issuer may, subject to the prior written permission of the Competent Authority if required at the relevant time (but without any requirement for the consent or approval of the Subordinated Noteholders), substitute the Subordinated Notes or vary the terms of the Subordinated Notes in order to ensure that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. The terms and conditions of such varied or substituted Subordinated Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Subordinated Notes. However, the Issuer cannot make changes to the terms of the Subordinated Notes or substitute the Subordinated Notes for securities that are materially less favorable to the Subordinated Noteholders. Following such variation or substitution the resulting securities must have at least, *inter alia*, the same ranking, interest rate, maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Subordinated Notes. Nonetheless, no assurance can be given as to whether any of these changes will adversely affect any particular Subordinated Noteholder. In addition, the tax and stamp duty consequences of holding such varied or substituted Notes could be different for some categories of Subordinated Noteholders from the tax and stamp duty consequences of their holding the Subordinated Notes prior to such variation or substitution. See Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of Terms and Conditions of the Subordinated Notes for further details.

The Competent Authority has discretion as to whether or not it will approve any substitution or variation of the Subordinated Notes. Any such substitution or variation which is considered by the Competent Authority to be material shall be treated by it as the issuance of a new instrument. Therefore, the Subordinated Notes, as so substituted or varied, must be eligible as Tier 2 capital in accordance with the then prevailing regulatory capital rules applicable to the Issuer, which may include a requirement that (save in certain prescribed circumstances) the Subordinated Notes may not be redeemed or repurchased prior to five years after the effective date of such substitution or variation.

42. ***Statutory loss absorption of Subordinated Notes could have an adverse effect on the market price of the relevant Subordinated Notes.***

The Conditions of the Subordinated Notes stipulate that the Subordinated Notes may become subject to the determination by the Resolution Authority or the Issuer (following instructions from the Resolution Authority) that all or part of the nominal amount of the Subordinated Notes, including accrued but unpaid interest in respect thereof, must be written down, reduced, redeemed and cancelled or converted into common equity Tier 1 instruments or otherwise be

applied to absorb losses, all as prescribed by the Applicable Resolution Framework ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Subordinated Notes subject to Statutory Loss Absorption shall be written down, reduced, redeemed and cancelled or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by the Applicable Resolution Framework, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the Subordinated Noteholders will have no further claims in respect of the amount so written down or subject to conversion or otherwise as a result of such Statutory Loss Absorption.

Any written-down amount as a result of Statutory Loss Absorption shall be irrevocably lost and holders of such Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write-down.

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

See also the risk factor "*51. Banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt)*" below.

43. ***No limitation to issue senior or pari passu ranking Notes.***

The Conditions of the Notes do not restrict the amount of securities which the Issuer may issue and which rank senior or *pari passu* in priority of payments with the Subordinated Notes.

The issue of any such securities may reduce the amount recoverable by Subordinated Noteholders on a winding-up of the Issuer. Accordingly, in the winding-up of the Issuer and after payment of the claims of senior creditors and of depositors, there may not be a sufficient amount to satisfy the amounts owing to the Subordinated Noteholders.

Risks related to the Notes generally

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

44. ***Each Noteholder must act independently as Noteholders do not have the benefit of a trustee.***

Because the Notes will not be issued pursuant to an indenture, Noteholders will not have the benefit of a trustee to act upon their behalf and each Noteholder will be responsible for acting independently with respect to certain matters affecting such Noteholder's Note, including accelerating the maturity thereof upon the occurrence of an event of default, enforcing any covenants contained therein and responding to any requests for consents, waivers or amendments. See Condition 9 (*Events of Default*).

45. ***The Notes are subject to modification, waivers and substitution.***

The conditions of the Notes contain provisions for soliciting the consent of Noteholders in respect of 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 or did vote and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that an 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 and/or overriding

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 15 (*Substitution of the Issuer*) or (iv) the variation or substitution of certain Subordinated Notes in the circumstances described in Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes.

46. ***Tax consequences of holding the Notes may be complex.***

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. In particular, depending on which provision is specified in the applicable Pricing Terms Sheet or Final Terms, the Issuer may either (i) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes and shall not pay any additional amounts to the holders of the Notes, if such withholding or deduction is required by law or (ii) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes 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 as the case may be, in the absence of such withholding or deduction. See further "*Taxation*".

47. ***Noteholders may be subject to withholding tax under FATCA.***

Under FATCA, payments may be subject to withholding if the payment is either U.S. source, or a foreign pass thru payment. The Netherlands has concluded an agreement with the United States of America to Improve International Tax Compliance and to Implement FATCA, a so-called IGA. Under this agreement, parties are committed to work together, along with other jurisdictions that have concluded an IGA, to develop a practical and effective alternative approach to achieve the FATCA objectives of foreign pass thru payment and gross proceeds withholding that minimizes burden. The issuer is established and resident in The Netherlands and therefore benefits from this IGA.

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

48. ***Notes held in global form are reliant on the Registrar and other third parties.***

Notes issued under the Program may be represented by one or more Global Certificates. Such Global Certificates (as defined in "*Book Entry, Delivery, Form and Settlement—Form of the Notes and registration*") will be deposited with a custodian for and registered in the name of a nominee of DTC or, if applicable, with a common depository for Euroclear and Clearstream, Luxembourg (each as defined in "*Book Entry, Delivery, Form and Settlement—Form of the Notes and registration*"). Except in the circumstances described in the relevant Global Certificates, investors will not be entitled to receive Definitive Notes. DTC, or, if applicable, Euroclear, and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificates (see further "*Book Entry, Delivery, Form and Settlement—Exchange of Global Certificates for Definitive Notes*"). While the Notes are represented by one or more Global Certificates, investors will be able to trade their beneficial interests only through DTC, or, if applicable, Euroclear or Clearstream, Luxembourg.

While the Notes are represented by one or more Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the custodian for DTC or, as appropriate, the common depositary, for distribution to their account holders. Holders of beneficial interests in the Global Certificates will not have a direct right against the Issuer and must rely on the procedures of DTC or, if applicable, Euroclear and Clearstream, Luxembourg, to

receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates.

Holders of beneficial interests in the Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by DTC or, if applicable, Euroclear and Clearstream, Luxembourg or their relevant account holders to appoint appropriate proxies. Finally, in any claim or suit brought in the Dutch courts, holders of beneficial interests may be required to act through their relevant account holder prior to being granted standing to pursue a claim.

49. ***The Base Prospectus must be read together with applicable Final Terms and/or Pricing Term Sheet.***

Each of the terms and conditions of the Senior Notes and the terms and conditions of the Subordinated Notes included in this Base Prospectus apply to the different types of Notes which may be issued under the Program. The full terms and conditions applicable to each Tranche of Notes can be reviewed by reading the applicable master Terms and Conditions as set out in full in "*Terms and Conditions of the Senior Notes*" and "*Terms and Conditions of the Subordinated Notes*", which constitute the basis of all Notes to be offered under the Program, together with the relevant Pricing Term Sheet and/or Final Terms which applies and/or disapplies, supplements and/or amends the master Terms and Conditions of the Program in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Notes (or Tranche thereof). Copies of the legal documentation relating to the Program and copies of the Pricing Term Sheet and/or Final Terms relating to each issue of Notes are available for inspection as described in "*General Information*".

50. ***Change of law may impact the Notes.***

The Senior Notes, the Senior Notes Agency Agreement, the Subordinated Notes and the Subordinated Notes Agency Agreement are governed by the laws of The Netherlands, in effect as at the date of this Base Prospectus.

No assurance can be given as to the impact of any possible change to Dutch, European or any applicable laws, regulations or administrative practices after the date of this Base Prospectus. Such changes in law may include, but are not limited to, the introduction of, or amendments to, a variety of statutory resolution and loss absorption tools which may affect the rights of Noteholders. Such tools may include the ability to write down sums otherwise payable on such Notes (see the risk factors "*51. Banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt)*" below and "*42. Statutory loss absorption of Subordinated Notes could have an adverse effect on the market price of the relevant Subordinated Notes*" above for further information).

Prospective investors should note that the courts of Amsterdam, The Netherlands and any state or federal court in the Borough of Manhattan, The City New York, New York shall have exclusive jurisdiction in respect of any disputes involving any Series of Notes. The terms of the Notes do not permit Noteholders to take any suit, action or proceedings arising out of or in connection with the Notes against the Issuer in any other court.

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. In addition to any subordination requirements applicable to the Issuer and the Notes of any series (which may wholly or partially limit an investor's ability to receive payment on the Subordinated Notes of any series), it is possible that the courts of Amsterdam, The Netherlands or any state or federal court in the Borough of Manhattan, The City New York, New York applying the civil code and laws of The Netherlands would decline to enforce an obligation of the Issuer in circumstances where such courts applying the laws of the State of New York would be prepared to do so.

51. ***Banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt).***

The Dutch Intervention Act, BRRD or the SRM could materially and adversely affect the position of certain categories of the Issuer's bondholders and the credit rating attached to certain categories of debt instruments then outstanding, in particular if and when any of the below proceedings would be commenced against the Issuer. The rights and effective remedies of the holders of the Notes, as well as their market value, may be affected by any such proceedings.

Pursuant to the Dutch Intervention Act, substantial powers were granted to the Dutch Minister of Finance enabling the Dutch Minister of Finance to deal with, *inter alia*, ailing Dutch banks prior to insolvency (as described under the risk factor "*9. Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" above). These powers (including the expropriation of liabilities of, or claims against, a bank), if exercised with respect to ABN AMRO, may impact the Notes and will, subject to certain exceptions, lead to counterparties of ABN AMRO (including Noteholders) not being entitled to invoke events of default or set off their claims and risking to lose all or a substantial part of their investment in the Notes.

In addition to the tools currently in the Dutch Intervention Act, BRRD and SRM (see the risk factor "*9. Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" above) provide the Resolution Board the power to ensure that capital instruments (such as Subordinated Notes qualifying as Tier 2 instruments) and certain liabilities (such as the Senior Notes) absorb losses when the Issuer meets the conditions for resolution, through the write-down or conversion to equity of such instruments (the "**Bail-In Tool**").

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

Any financial public support is only to be considered as a final resort as resolution authorities are required to first assess and exploit, to the maximum extent practicable, the use of the resolution powers mentioned above, including the Bail-In Tool.

The Resolution Board can only exercise resolution powers, such as the Bail-In Tool, when it has determined that the Issuer meets the conditions for resolution. The point at which the resolution authorities determine that the Issuer meets the conditions for resolution is defined as:

(a) the Issuer is failing or likely to fail, which means (i) the Issuer has incurred/is likely to incur in the near future losses depleting all or substantially all its own funds, and/or (ii) the assets are/will be in the near future less than its liabilities, and/or (iii) the Issuer is/will be in the near future unable to pay its debts as they fall due, and/or (iv) the Issuer requires public financial support (except in limited circumstances);

(b) there is no reasonable prospect that a private action or supervisory action would prevent the failure; and

(c) a resolution action is necessary in the public interest.

Once a resolution procedure is initiated, the Resolution Board may apply the Bail-In Tool. When applying the Bail-In Tool, the Resolution Board must apply the following order of priority:

1. CET1 capital instruments;

2. Additional Tier 1 capital instruments;

3. Tier 2 capital instruments (such as Subordinated Notes qualifying as Tier 2 instruments);

4. eligible liabilities in the form of subordinated debt that is not Additional Tier 1 capital or Tier 2 capital in accordance with the hierarchy of claims in normal insolvency proceedings;

5. the rest of eligible liabilities (such as Senior Notes) in accordance with the hierarchy of claims in normal insolvency proceedings.

Eligible liabilities in category 5 include senior unsecured debt instruments (such as the Senior Notes) and other liabilities that are not excluded from the scope of the Bail-in Tool pursuant to the BRRD, such as non-covered deposits or financial instruments that are not secured. Instruments of the same ranking are generally written down or converted to equity on a pro rata basis subject to certain exceptional circumstances set out in the BRRD.

Furthermore, the Resolution Board could take pre-resolution actions when the Issuer reaches the point of non-viability and write-down or convert capital instruments (including Subordinated Notes qualifying as Tier 2 instruments) into equity before the conditions for resolution are met (the "**Write-Down and Conversion Power**").

Noteholders may have only very limited rights to challenge and/or seek a suspension of any decision of the relevant resolution authority to exercise its (pre-)resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise. Application of any of the measures, as described above, shall not constitute an Event of Default under the Notes and Noteholders will have no further claims in respect of the amount so written down or subject to conversion or otherwise as a result of the application of such measures. Accordingly, if the Bail-In Tool or the Write-Down and Conversion Power is applied, this may result in claims of Noteholders being written down or converted into equity. Furthermore, it is possible that pursuant to BRRD, SRM or the Dutch Intervention Act or other resolution or recovery rules which may in the future be applicable to the Issuer, new powers may be given to the resolution authorities or another relevant authority which could be used in such a way as to result in the Notes absorbing losses or otherwise affecting the rights and effective remedies of Noteholders in the course of any resolution of the Issuer.

The determination that all or part of the nominal amount of the Notes will be subject to the Bail-In Tool or the Write-Down and Conversion Power may be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. Accordingly, trading behavior in respect of Notes which are subject to the Bail-In Tool or the Write-Down and Conversion Power is not necessarily expected to follow trading behavior associated with other types of securities. Any indication that the Notes will become subject to the Bail-In Tool or the Write-Down and Conversion Power could have an adverse effect on the market price of the relevant Notes. Potential investors should consider the risk that a Noteholder may lose all of its investment in such Notes, including the principal amount plus any accrued but unpaid interest, in the event that the Bail-In Tool or the Write-Down and Conversion Power is applied. In addition, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Noteholders in the resolution and there can be no assurance that Noteholders would recover such compensation promptly.

In addition to the Bail-In Tool, the SRM provides the Resolution Board with broader powers to implement other resolution measures with respect to the Issuer when it meets the conditions for resolution, which may include (without limitation) the sale of the Issuer's business, the separation

of assets, the replacement or substitution of the Issuer as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

There remains uncertainty regarding the ultimate nature and scope of these powers and measures and how they would affect the Issuer and the holders of Notes. See for example the EU Banking Reform Proposals in the risk factor 7. "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*" above which introduce a new category of senior non-preferred debt instruments ranking between subordinated eligible liabilities and other eligible liabilities in the write down as discussed above It is yet unclear in which category the Senior Notes would fall. Accordingly, it is not yet possible to assess the full impact of the Dutch Intervention Act, the BRRD or the SRM. The Notes may however be part of the claims and debts in respect of which the Resolution Board could use the Bail-In Tool or the Write-Down and Conversion Power to write-down or convert the principal of the Notes into equity. There can be no assurances that, the taking of any actions currently contemplated would not adversely affect the price or value of an investment in Notes and/or the ability of the Issuer to satisfy its obligations under such Notes. The Issuer cannot predict the precise effects of the Bail-In Power and the Write-Down and Conversion Power and its use in relation to the Notes. Prospective investors in the Notes should consult their own advisors as to the consequences of the SRM and the BRRD.

52. ***Definitive Notes where denominations involve integral multiples may be subject to minimum denomination considerations.***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination 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.

53. ***No limitation on the incurrence of indebtedness ranking pari passu with or senior to the claims of Noteholders.***

The Conditions of the Notes do not limit the Issuer's ability or the ability of any group entity to incur additional indebtedness, including indebtedness that ranks senior or *pari passu* in priority of payment to the Notes.

Any such additional indebtedness may reduce the amount recoverable by Noteholders on a winding-up of the Issuer. Accordingly, in the winding-up of the Issuer and after payment of the claims ranking senior to the Noteholders (such as secured claims), there may not be a sufficient amount to satisfy the amounts owing to the Noteholders.

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:

54. ***A secondary market may not develop for the Notes.***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially

sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

55. ***The Notes are subject to 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls 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.

56. ***The prices of notes are affected by changes in interest rates.***

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.

57. ***The credit ratings of the Notes or the Issuer 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.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

58. ***An investor's investment in the Notes may be subject to restrictions and qualifications.***

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

59. ***An investor may be unable to enforce U.S. civil judgments against the Issuer.***

The Issuer is a company incorporated under the laws of The Netherlands. A substantial part of its assets are located outside the United States. In addition, substantially all of its officers and directors reside outside the United States and a substantial part of the assets of these persons are

located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

IMPORTANT INFORMATION

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, and includes any relevant implementing measures in the Relevant Member State, the "**Prospectus Directive**"). This document does not constitute a prospectus for the purposes of Section 12(a)(2) of, or any other provision of or rule under, the Securities Act.

Responsibility statement

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Before making an investment decision with respect to any Notes, prospective investors should carefully consider all of the information set out in this Base Prospectus, the Pricing Term Sheet and/or Final Terms as well as their own personal circumstances. Prospective investors should also carefully consider, among other matters, the risks described under the section headed "*Risk Factors*" in this Base Prospectus.

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

THIS BASE PROSPECTUS SHOULD BE READ AND CONSTRUED WITH ANY AMENDMENT OR SUPPLEMENT THERETO AND, IN RELATION TO ANY PARTICULAR ISSUANCE OF THE NOTES, SHOULD BE READ AND CONSTRUED TOGETHER WITH THE RELEVANT FINAL TERMS. IN ADDITION, THE ISSUER AND THE AGENTS MAY, IN CONNECTION WITH ANY PARTICULAR ISSUANCE OF NOTES, PREPARE AND SEND TO INVESTORS A PRICING TERM SHEET AT THE TIME SALES OF SUCH NOTES ARE CONFIRMED AND, WHENEVER THE DEFINED TERM "FINAL TERMS" IS USED IN THIS BASE PROSPECTUS SUCH TERM SHALL BE DEEMED TO INCLUDE ANY SUCH PRICING TERM SHEET, UNLESS THE CONTEXT OTHERWISE REQUIRES.

The full terms and conditions of each Tranche of Notes can be reviewed by reading the relevant master Terms and Conditions as set out in full in this Base Prospectus in "*Terms and Conditions of the Senior Notes*" and "*Terms and Conditions of the Subordinated Notes*", which constitute the basis of all Notes to be offered under the Program. The applicable Pricing Term Sheet and/or Final Terms (each as defined below) for each offering of Notes will contain the specific terms and conditions of the Notes to be sold in that offering and any other information relevant to that offering. Accordingly, investors should carefully review the information contained in both this Base Prospectus (including the relevant master Terms and Conditions) and the applicable Pricing Term Sheet and/or Final Terms (including any description of the method of calculating interest on any Note) which applies and/or disapplies, supplements and/or amends the applicable 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).

References in this Program to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading and have been listed on Euronext Amsterdam, unless expressly specified otherwise. Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The Issuer may agree with any relevant Agent that Notes may be issued in a form not contemplated by the Terms and Conditions herein, in which case a supplementary prospectus, if required, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each

Tranche of Notes to be sold in the United States will be set forth in a pricing term sheet relating to such Tranche (the "**Pricing Term Sheet**") and with respect to Notes to be listed on Euronext Amsterdam, a final terms document (the "**Final Terms**") substantially in the form set out herein which, will be delivered to Euronext Amsterdam on or before the date of issue of Notes of such Tranche. There can be no assurance that the Notes offered as described in this Base Prospectus will be sold or that there will be a secondary market for the Notes. See "*Risk Factors*".

This Base Prospectus, which (save as described below) is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"), has been prepared for use in connection with the Program.

Subject as provided in the applicable Final Terms and/or Pricing Term Sheet, the only persons authorized to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms and/or Pricing Term Sheet as any relevant Agent and the persons named in or identifiable following the applicable Final Terms and/or Pricing Term Sheet as the Financial Intermediaries, as the case may be.

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Base Prospectus, the applicable Final Terms and/or Pricing Term Sheet, the applicable Pricing Term Sheet (if any) or any document incorporated by reference herein or therein, or any other information supplied in connection with the Program or the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, or any Agent.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration thereunder or exemption therefrom. Prospective purchasers should be aware that they might be required to bear the financial risks of an investment in the Notes for an indefinite period of time.

This Base Prospectus and any supplement to the Base Prospectus will be valid for listing Notes on Euronext Amsterdam and/or any other exchange in the EEA in an aggregate nominal amount up to US$25,000,000,000 or the approximate equivalent thereof in another currency calculated as at the issue date of the relevant Notes, subject to any duly authorized increase or decrease.

ABN AMRO Group N.V.'s Annual Report 2015 and ABN AMRO Group N.V.'s Annual Report 2016 (both incorporated by reference into this Base Prospectus, as described in "*Documents Incorporated by Reference*") are available at http://www.abnamro.com/ir. The other information included on or linked to through this website or on any website referred to in any document incorporated by reference into this Base Prospectus is not a part of this Base Prospectus.

All references in this Base Prospectus to websites, any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus are, unless the Issuer expressly states otherwise, intended to be inactive textual references for information only as at the date of this Base Prospectus, any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus, as applicable. Any information contained in or accessible through any website, including http://www.abnamro.com/ir, does not form a part of this Base Prospectus, unless specifically stated in this Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in this Base Prospectus.

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program or the

Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Agents (if any) expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Program. Investors should review, *inter alia*, the most recent financial statements of the Issuer and ABN AMRO Group N.V. incorporated into this Base Prospectus (see "*Documents Incorporated by Reference*") and those that are published after the date of this Base Prospectus, when deciding whether or not to purchase any Notes.

The Issuer, the Arrangers, and any Agent do not represent that this Base Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction. In particular, no action has been taken by the Issuer, the Arrangers, or any Agent appointed under the Program which is intended to permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus, together with its attachments, nor any advertisement or other offering material may be distributed or published in any jurisdiction where such distribution and/or publication would be prohibited and each Agent (if any) will be required to represent that all offers and sales by it will be made on these terms.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. See "*Notice to Purchasers*" and "*Plan of Distribution*".

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Agent 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. Neither the Issuer nor any Agent has authorized, nor do they authorize, the making of any offer of Notes in any other circumstances.

Stabilization

In connection with the issue of any Tranche of Notes, the Agent or Agents (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in the applicable Final Terms and/or Pricing Term Sheet 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, stabilization may not occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued on or prior to the date hereof shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

(a) The articles of association of the Issuer;

(b) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2016 as set out on pages 249 to 368 in relation to the financial statements 2016, including the notes to the financial statements as set out on pages 257 to 360 and the statutory financial statements as set out on pages 361 to 365, pages 91 to 204 (certain information in the Risk, funding & capital report labelled as "audited" in the respective headings), and the auditors' report thereon on pages 370 to 376, all as included in ABN AMRO Group N.V.'s Integrated Annual Report 2016 (the "**Annual Report 2016**") (the "**Consolidated Annual Financial Statements 2016 ABN AMRO Group N.V.**");

(c) the Section "*Financial Review*" of the Business report on pages 50 to 56, the Risk, funding & capital report on pages 91 to 204, the Section "*Definitions of important terms*" on pages 380 to 385, the Section "*Abbreviations*" on pages 386 to 387 and the Section "*Cautionary statements*" on page 388, all as included in the Annual Report 2016;

(d) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2015 as set out on pages 330 to 337 in relation to the financial statements 2015, including the notes to the financial statements as set out on pages 338 to 461 and the statutory financial statements as set out on pages 457 to 460, pages 124 to 269 (certain information in the Risk, funding & capital Report labelled as "audited" in the respective headings), and the auditors' report thereon on pages 465 to 471, all as included in ABN AMRO Group N.V.'s Annual Report 2015 (the "**Annual Report 2015 ABN AMRO Group N.V.**") (the "**Consolidated Annual Financial Statements 2015 ABN AMRO Group N.V.**" and together with the Consolidated Annual Financial Statements 2016 ABN AMRO Group N.V., the "**Consolidated Annual Financial Statements ABN AMRO Group N.V.**");

(e) the Section "*Update on our strategic priorities*" of the Strategic Report on pages 26 to 32, the Sections "*Business Review*" and "*Financial Review*" of the Business Report on pages 50 to 105, the Risk, funding & capital Report on pages 124 to 269, the Section "*Definitions of important terms*" on pages 476 to 481, the Section "*Abbreviations*" on pages 482 to 483 and the Section "*Cautionary statements*" on page 484, all as included in the Annual Report 2015 ABN AMRO Group N.V.;

(f) ABN AMRO Bank N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2016, as set out on pages 158 to 293 in relation to the financial statements 2016, including the notes to the financial statements as set out on pages 167 to 270 and the statutory financial statements as set out on pages 271 to 290, pages 36 to 132 (certain information in the Risk, funding & capital report labelled as "audited" in the respective headings), and the auditor's report thereon on pages 295 to 301, all as included in ABN AMRO Bank N.V.'s Annual Report 2016;

(g) the Section "*Definitions of important terms*" on pages 302 to 307, the Section "*Abbreviations*" on pages 308 to 309 and the Section "*Cautionary statements on forward-looking statements*" on page 311, all as included in AMRO Bank N.V.'s Annual Report 2016;

(h) ABN AMRO Bank N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2015, as set out on pages 162 to 170 in relation to the financial statements 2015, including the notes to the financial statements as set out on pages 171 to 289 and the statutory financial statements as set out on pages 290 to 305, pages 36 to 132 (certain information in the Risk, funding & capital Report labelled as "audited" in the respective headings), and the auditors' report thereon on pages 306 to 312, all as included in ABN AMRO Bank N.V.'s Annual Report 2015;

(i) the terms and conditions (including the form of final terms) set out on pages 190-239 and 240-295 of the base prospectus prepared by the Issuer in connection with the Programme dated 19 April 2016 (the "**2016 Conditions**"); and

(j) the terms and conditions (including the form of final terms) set out on pages 179-234 and 235-291 of the base prospectus prepared by the Issuer in connection with the Programme dated 23 April 2015, as supplemented by the second supplement dated 23 June 2015 (the "**2015 Conditions**"),

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus. Any statements on the Issuer's competitive position included in a document which is incorporated by reference herein and where no external source is identified are based on the Issuer's internal assessment of generally available information.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the Issuer (at its registered office at: Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, by telephone: +31 20 6282282 or by e-mail: investorrelations@nl.abnamro.com). Copies of documents incorporated by reference in this Base Prospectus can also be obtained from https://www.abnamro.com/en/investor-relations/index.html.

AVAILABLE INFORMATION

ABN AMRO Bank has agreed that, so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting thereunder pursuant to Rule 12g3-2(b) under the Exchange Act, provide to any holder or beneficial owner of any such "restricted security", or to any prospective purchaser of such restricted security designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) of the Securities Act upon the request of such holder or beneficial owner.

ABN AMRO Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes. If the terms of this Program are modified or amended in a manner which would make this Base Prospectus, as supplemented, inaccurate or misleading, a new base prospectus will be prepared.

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

Any statement contained herein or in a document which is incorporated in whole or in part by reference herein shall be deemed to be modified or superseded for the purpose of the supplemental prospectus to the extent that a statement contained in any document which is incorporated in whole or in part by reference therein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

FORWARD-LOOKING STATEMENTS

Certain statements in this Base Prospectus, including certain statements set forth under the headings "*Risk Factors*" and "*The Issuer*" are based on the beliefs of the management of the Issuer, as well as assumptions made by and information currently available to management of the Issuer, and such statements may constitute forward looking statements. These forward looking statements (other than statements of historical fact) regarding the Issuer's future results of operations, financial condition, cash flows, business strategy, plans and objectives of the Issuer's management for future operations can generally be identified by terminology such as "targets", "believes", "estimates", "expects", "aims", "intends", "plans", "seeks", "will", "may", "anticipates", "would", "could", "continues" "projects", "should", "desire", "strive", "optimistic", "Value-at-Risk ('VaR')" or similar expressions or the negatives thereof.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Issuer, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward looking statements.

In particular, such risks, uncertainties and other important factors include, among other things, potential exposures to various types of operational, credit and market risk, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk.

These forward-looking statements are not historical facts and represent only the Issuer's beliefs regarding future events, many of which by their nature are inherently uncertain and beyond the Issuer's control. Other factors that could cause actual results to differ materially from those anticipated by the forward-looking statements contained in this document include, but are not limited to:

- The extent and nature of future developments and continued volatility in the credit and financial markets and their impact on the financial industry in general and ABN AMRO in particular;
- The effect on ABN AMRO's capital of write-downs in respect of credit exposures;
- Risks related to ABN AMRO's merger, separation and integration process;
- General economic, social and political conditions in The Netherlands and in other countries in which ABN AMRO has significant business activities, investments or other exposures, including the impact of recessionary economic conditions on ABN AMRO's performance, liquidity and financial position;
- Macro-economic and geopolitical risks;
- Reductions in the Issuer's credit ratings;
- Actions taken by the EC, governments and their agencies to support individual banks and the banking system;
- Monetary and interest rate policies of the ECB and G20 central banks;
- Inflation or deflation;
- Unanticipated turbulence in interest rates, foreign currency exchange rates, commodity prices and equity prices;
- Liquidity risks and related market risk losses;
- Potential losses associated with an increase in the level of substandard loans or non-performance by counterparties to other types of financial instruments, including systemic risk;
- Changes in Dutch and foreign laws, regulations (including capital and/or liquidity requirements and/or bank resolution regimes), policies and taxes;
- Changes in competition and pricing environments;

- Inability to hedge certain risks economically;
- Adequacy of loss reserves and impairment allowances;
- Technological changes;
- Changes in consumer spending, investment and saving habits;
- Effective capital and liquidity management;
- Inaccuracy or incompleteness of information about customers and counterparties;
- Operational risks;
- Changes in financial reporting standards;
- Inaccuracy of, or changes in, financial models incorporating assumptions, judgments and estimates used to determine the value of certain financial instruments at fair value;
- Outcome of legal proceedings (legal risk) and regulatory enforcement action;
- Reputational damage;
- Inability to retain and attract qualified employees;
- Risks related to the to the Notes generally and a particular issue of the Notes, including Subordinated Notes;
- Risks related to the Notes and market risk;
- The success of ABN AMRO in managing the risks involved in the foregoing; and
- The other factors discussed in more detail under "Risk Factors".

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Issuer's actual financial condition or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected. The Issuer urges investors to read the sections of this Base Prospectus entitled "*Risk Factors*" and "*The Issuer*" for a more complete discussion of the factors that could affect the Issuer's future performance and the industry in which the Issuer operates.

These forward-looking statements speak only as of the date of this Base Prospectus (or any supplement hereto) or as of such earlier date at which such statements are expressed to be given. The Issuer does not intend, and does not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Prospectus.

ENFORCEMENT OF CIVIL LIABILITIES; SERVICE OF PROCESS

The Issuer is a company incorporated under the laws of The Netherlands. A substantial part of its assets are located outside the United States. In addition, substantially all of its officers and directors reside outside the United States and a substantial part of the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

EXCHANGE RATE AND CURRENCY INFORMATION

In this Base Prospectus, references to "**US$**", "**U.S. dollar**", "**U.S. dollar**", "**USD.**" or "**$**" are references to the lawful currency of the United States, references to "**euro**", "**Euro**", "**EUR**" or "**€**" are references to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the euro, as amended.

ABN AMRO publishes its financial statements in euros.

The following table sets out, for the periods indicated, certain information concerning the exchange rate expressed in U.S. Dollars per Euro, obtained by using the Historical Price function in Bloomberg. These translations should not be construed as representations that the Euro amounts actually represent such U.S. Dollar amounts or could be converted into U.S. Dollars at the rate indicated. On 18 April 2017 (end of day), the exchange rate translated to EUR 1 = USD 1.0708 (source: Bloomberg).

ABN AMRO makes no representation that the amounts referred to above could have been or could be converted into the foregoing currencies at any particular rate or at all.

These rates are provided solely for the convenience of the reader and are not necessarily the rates used in the preparation of the Issuer's financial statements. No representation is made by the Issuer that the U.S. dollar amounts could have been converted into the Euro at the rates shown or at any other rate for such periods or at such dates.

The currency information presented under this section entitled "*Exchange Rate and Currency Information*" is based on data published by Bloomberg, and such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

U.S. Dollar to Euro exchange rates (U.S. Dollars per Euro)

	At period end	Average rate	High	Low
April 2016	1.1440	1.1344	1.1440	1.1223
May 2016	1.1139	1.1306	1.1527	1.1134
June 2016	1.1073	1.1238	1.1399	1.1038
July 2016	1.1157	1.1061	1.1157	1.0967
August 2016	1.1158	1.1206	1.1330	1.1077
September 2016	1.1228	1.1212	1.1254	1.1153
October 2016	1.0963	1.1023	1.1218	1.0874
November 2016	1.0599	1.0786	1.1115	1.0555
December 2016	1.0547	1.0542	1.0767	1.0384
January 2017	1.0784	1.0630	1.0784	1.0427
February 2017	1.0608	1.0647	1.0788	1.0544
March 2017	1.0697	1.0684	1.0864	1.0506
April 2017 (through April 18)	1.0708	n/a	n/a	n/a
31 December 2013	1.3789	1.3283	1.3804	1.2772
31 December 2014	1.2100	1.3285	1.3925	1.2100
31 December 2015	1.0866	1.1100	1.2099	1.0492
31 December 2016	1.0547	1.1068	1.1527	1.0384

Source: Bloomberg

USE OF PROCEEDS

The net proceeds from each issuance of Senior Notes will be used for the general corporate purposes of ABN AMRO. The net proceeds from each issuance of Subordinated Notes may be used to strengthen or replace the capital base of ABN AMRO and/or to support the continuing growth of its business. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, together with the expenses of the issuance (if applicable).

PRESENTATION OF FINANCIAL INFORMATION

Pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19, 2002 and related regulations, effective January 1, 2005, ABN AMRO Group N.V. and the Issuer have adopted IFRS as endorsed by the European Union (IFRS-EU). The audited consolidated financial statements for the years ended as at December 31, 2016 and 2015 (including the auditors' report thereon and notes thereto) of ABN AMRO Group N.V. and the Issuer, which in each case include comparative information as at and for the previous period, respectively, have been prepared in accordance with IFRS-EU (see "*The Issuer—4. Operating and Financial Review—4.1 Presentation of Financial Information*").

IFRS-EU differs in certain significant respects from U.S. GAAP. No financial statements or financial information included herein have been prepared or presented in accordance with U.S. GAAP or the accounting rules and regulations adopted by the SEC ("**SEC Rules and Regulations**"). As a result, the financial information included herein may differ substantially from financial information prepared in accordance with U.S. GAAP and the SEC Rules and Regulations. It is not practicable for the Issuer to prepare its financial statements in accordance with U.S. GAAP and the SEC Rules and Regulations or to prepare any reconciliation of its consolidated annual financial statements and related footnotes. In making an investment decision, investors must rely upon their own examination of the Issuer's financial position, operation and cash flows, the terms of the offering and the financial information presented herein. Potential investors are urged to consult their own professional advisors for an understanding of the differences between IFRS-EU and U.S. GAAP, and of how those differences might affect the financial information presented herein.

Please refer to "*The Issuer—4. Operating and Financial Review—4.1 Presentation of Financial Information*" for a more detailed discussion of the financial information included and incorporated by reference in this Base Prospectus.

The financial information set forth in a number of tables in this Base Prospectus has been rounded to the nearest whole number. Accordingly, in certain instances, the sum of the numbers in a column may not conform exactly to the total figure given for that column.

In 2016 and 2015, ABN AMRO's results of operations are presented based on underlying results. Underlying results are non-IFRS measures and have neither been audited or reviewed. Management believes these underlying results provide a better understanding of the underlying trends in financial performance. The underlying results have been derived by adjusting the reported results, which are reported in accordance with IFRS, for defined Special Items (see "*The Issuer—4. Operating and Financial Review*").

THE ISSUER

1. ABN AMRO BANK N.V.

ABN AMRO is a full-service bank with a primary focus on The Netherlands and selective operations internationally, serving retail private and corporate banking clients based on an in-depth financial expertise and extensive knowledge of numerous industry sectors. ABN AMRO is also internationally active in a number of specialized activities such as energy, commodities & transportation ("**ECT**") and clearing, private banking and asset based lending in a select number of countries.

All results are presented on an underlying basis for 2016, 2015 and 2014.

1.1 History and recent developments

The formation of ABN AMRO is the result of various legal and operational separations, combinations, and restructurings arising from the acquisition of ABN AMRO Holding N.V. by the Consortium in October 2007. In October 2008, the Dutch State acquired FBN. In December 2008, the Dutch State directly acquired FBN's interest in RFS Holdings B.V. This interest comprised Dutch commercial clients (SMEs and corporates), Dutch consumer clients and Dutch and international private clients (including the international diamonds and jewellery business) of the Former ABN AMRO Group.

As a result of the Legal Demerger and Legal Separation, ABN AMRO Bank was formally separated from the Former ABN AMRO Group and transferred to ABN AMRO Group N.V. by 1 April 2010. Effective 1 July 2010, FBN and ABN AMRO Bank merged to form the new ABN AMRO Bank N.V., a wholly-owned subsidiary of ABN AMRO Group N.V.

On 1 April 2010, ABN AMRO completed the sale of the EC Remedy Businesses to Deutsche Bank. This sale was a prerequisite set by the European Commission for the integration of the Dutch State acquired businesses and FBN into the new ABN AMRO Bank. The operational separation of the EC Remedy Businesses was finalized in 2012. The sale of the EC Remedy Businesses to Deutsche Bank included a financial guarantee that covered part of the potential credit losses on the portfolio existing at the time of the closing of the transaction (the "**Credit Umbrella**") and a cross liability with New HBU II N.V. In 2012, the Credit Umbrella was terminated.

With effect from 1 June 2015 ABN AMRO Group N.V. has withdrawn its statement of joint and several liability within the meaning of Article 403, subsection 1, paragraph f, Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*).

On 1 July 2015 Dutch Parliament approved the Dutch Government's decision to return ABN AMRO to the private market and on 20 November 2015 ABN AMRO Group N.V. was listed and trading in the depositary receipts for ordinary shares commenced.

On 17 November, 2016 Stichting Administratiekantoor Beheer Financiële Instellingen (NL Financial Investments, "**NLFI**"), on behalf of the Dutch state, agreed to sell additional depositary receipts representing shares in ABN AMRO Group N.V. Following the settlement, the stake of NLFI declined from 77% to 70%. Following the settlement, the Stichting Administratiekantoor Continuïteit ABN AMRO Group (the "**STAK AAG**") holds 30% of the shares in line with the maximum possible under the most restrictive declaration-of-no-objection ("**DNO**") or similar regulatory approvals obtained at the time of the IPO. For future sell-downs by NFLI, the STAK AAG will need to obtain new DNOs and other regulatory approvals.

1.2 Business description

ABN AMRO is organized into Retail Banking, Private Banking, Corporate Banking and Group Functions. This segmentation was implemented during the course of 2014. Currently ABN AMRO is in a state of transition whereby it is amending its segmentation. On 6 February 2017 ABN AMRO announced a new management structure. The new structure will include an Executive Board at both ABN AMRO Group N.V. and ABN AMRO Bank N.V. levels and an Executive Committee at ABN AMRO Bank N.V. level. Under this new structure ABN AMRO will be organized into Retail Banking, Commercial Banking, Corporate & Institutional Banking, Private Banking, Technology & Innovation and HR & Transformation. This structure will become formally operational once the approvals for the appointments – to the extent required – are received from the regulators. See section 1.10 (*Recent Developments*).

1.3 Retail Banking

Business scope and clients

Retail Banking renders services to approximately five million retail clients in The Netherlands with investable assets of up to EUR 500,000 (this threshold was lowered from EUR 1 million in 2016) and approximately 300,000 small businesses with an annual turnover of up to EUR 1 million.

Retail Banking offers a wide variety of banking and insurance products and services through the Issuer's branch network, online, via contact centers and through subsidiaries.

Main subsidiaries

The Retail Banking business of ABN AMRO is supported by the following subsidiaries (this list is not exhaustive)[1]:

ABN AMRO Hypotheken Groep

ABN AMRO Hypotheken Groep B.V. ("**AAHG**") offers all ABN AMRO labelled residential mortgage products, including Direktbank, Florius and MoneYou brands.

MoneYou

MoneYou B.V. ("**MoneYou**") operates as an internet bank offering savings accounts and mortgages and is active in The Netherlands, Belgium, Germany and Austria.

Alfam

Alfam Holding N.V. ("**Alfam**") provides consumer loans via intermediaries under four different labels: Alpha Credit Nederland, Credivance, Defam and GreenLoans.

International Card Services

International Card Services B.V. ("**ICS**") is ABN AMRO's credit card specialist. ICS issues, promotes, manages and processes more than 25 different credit cards in partnership with companies, including credit card transactions and offers other financial services, such as revolving credit facilities.

ABN AMRO Verzekeringen

Delta Lloyd ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**") is an associate of ABN AMRO Bank N.V. (49%). Delta Lloyd N.V. holds 51% interest. ABN AMRO Verzekeringen offers life and non-life insurance products to consumers and commercial clients under the ABN AMRO brand. ABN AMRO acts as an intermediary for ABN AMRO Verzekeringen by selling and providing advice on a comprehensive range of life and non-life insurance products, for which ABN AMRO receives commission payments. ABN AMRO Verzekeringen is able to offer a complete package of insurance products to clients.

ABN AMRO Verzekeringen, through its subsidiaries, acts as an insurer and intermediary for life-and non-life insurances. Retail Banking receives commission payments for the sale of damage insurance. ABN AMRO acts as an intermediary for ABN AMRO Verzekeringen. Based on a contract between ABN AMRO Pensions (defined below) and the employer, ABN AMRO Pensions collects payment on a monthly basis from employers for the benefit of pension accrual for their individual employees. The defined contribution per employee is invested in lifecycle investment funds (the base case situation), or in a small range of investment funds (depending on the preference of the individual employee and based on his or her risk profile). In addition, ABN AMRO Pensions facilitates term life insurance and disability pensions. These products are distributed through individual actuarial advisers. ABN AMRO Pensions services nearly 200 corporate clients.

[1] Unless explicitly indicated otherwise, all subsidiaries are wholly-owned by ABN AMRO.

ABN AMRO Pensions

APG-ABN AMRO Pensioeninstelling N.V. ("**ABN AMRO Pensions**") is a joint venture of ABN AMRO (70%) and APG (30%), the largest pension institution in The Netherlands. ABN AMRO Pensions is a premium pension institution ('PPI') which offers pension schemes without insurance based on long life or death.

1.4 Private Banking

Business scope and clients

Private Banking offers fully-integrated financial advice and a broad array of services focused on wealth structuring, wealth protection and wealth transfer. Private Banking operates under the brand name ABN AMRO MeesPierson in The Netherlands and internationally under ABN AMRO Private Banking and local brands such as Banque Neuflize OBC in France and Bethmann Bank AG ("**Bethmann**") in Germany.

Private Banking globally managed EUR 204.9 billion Client Assets at year-end 2016, primarily in the eurozone.

ABN AMRO offers private banking services in The Netherlands to clients with freely investable assets exceeding EUR 500,000 (this threshold was lowered from EUR 1 million to EUR 500,000 in 2016). Main client segments of Private Banking are:

- **Families**: helping individuals organise and manage their wealth, e.g. how and when to involve children in inherited wealth issues;
- **Entrepreneurs**: integrated services to support entrepreneurs in private and business-related matters;
- **Private Wealth Management**: dedicated teams for ultra high net worth (UNHW) clients and family offices with assets exceeding EUR 25 million;
- **Institutions & Charities**: dedicated teams with know-how and expertise required to support institutions and charities, including advice on setting up a charity and support in formulating a vision or financial strategy.

Main subsidiaries

The Private Banking business of ABN AMRO is supported in France and Germany by the following subsidiaries (this list is not exhaustive)[2]:

Banque Neuflize OBC

Banque Neuflize OBC S.A. offers a private banking model based on an integrated approach to private and commercial wealth articulated around dedicated advisory and product offers.

Bethmann Bank

Bethmann Bank is a private bank and enjoys a strong local heritage and brand recognition in the German market. Bethmann covers all major regions of Germany and offers all Private Banking and Private Wealth Management related services.

Neuflize Vie

Neuflize Vie S.A. is a joint venture of Banque Neuflize OBC (60%) and AXA (40%). Neuflize Vie S.A. is a life insurance company and was created to offer life insurance products for (ultra) high net-worth individuals and has developed customised solutions with a focus on unit-linked contracts.

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[2] Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

1.5 Corporate Banking

Business scope and clients

Corporate Banking is strongly focused on The Netherlands where it offers corporate clients a broad range of standard and tailor-made products and services based on in-depth client and sector knowledge.

Internationally, Corporate Banking services its domestic client base through local Dutch Desks in selected markets and through cooperation with partner banks. Corporate Banking has a client and capability-led international strategy with a focus on three specialities in which it operates in selective markets: (i) servicing clients that are internationally active in the sectors energy, commodities and transportation (ECT Clients), (ii) clearing activities and (iii) asset based financing (consisting of commercial finance and lease).

Basel III imposes stricter requirements on capital buffers and liquidity ratios of banks and institutional parties, who are looking for investments that offer greater yields than high-grade government bonds, and clients want to be less reliant on bank loans by seeking alternative sources of funds. Corporate Banking intends to play an active role in this disintermediation trend by providing alternative liquidity sources to its clients, including syndicated loans and capital markets solutions. Corporate Banking aims to pursue this approach based on its strategic relationship with clients, in-depth knowledge of client sectors and relationships with investors.

Corporate Banking consists of Commercial Clients, International Clients and Capital Markets Solutions.

Commercial Clients

Commercial Clients serves business clients with revenues from EUR 1 million up to EUR 250 million, and clients active in Commercial Real Estate (excluding publicly listed companies, which are served by International Clients). Our Lease and Commercial Finance activities are also included in Commercial Clients.

International Clients

International Clients serves business clients with revenues exceeding EUR 250 million, as well as Energy Commodities & Transportation (ECT) Clients, Diamond & Jewellery Clients, Financial Institutions and Listed Commercial Real Estate clients.

Capital Markets Solutions

Capital Markets Solutions serves clients by providing products and services related to financial markets. Capital Markets Solutions includes ABN AMRO Clearing.

Main subsidiaries

The Corporate Banking business of ABN AMRO is supported by the following subsidiaries (this list is not exhaustive)[3]:

ABN AMRO Lease

ABN AMRO Lease N.V. ("**ABN AMRO Lease**") delivers asset-based solutions (equipment lease and finance). ABN AMRO Lease delivers asset-based solutions (equipment lease and finance) and is active in The Netherlands, Belgium, Germany and the United Kingdom.

ABN AMRO Commercial Finance

ABN AMRO Commercial Finance B.V. ("**AACF**") provides working capital funding on debtors and inventory. Its present client portfolio comprises a wide range of clients. AACF is active in The Netherlands, France, Germany, the United Kingdom and Belgium. ABN AMRO Commercial Finance Holding B.V. is active via subsidiaries in The Netherlands, France, Germany and the United Kingdom, providing working capital funding on debtors and inventory.

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[3] Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

ABN AMRO Clearing Bank

ABN AMRO Clearing Bank N.V. is a global leader in derivatives and equity clearing. It is one of the few players currently able to offer global market access and clearing services on more than 85 of the world's leading exchanges and operates from several locations across the globe.

1.6 Group Functions

Group Functions supports ABN AMRO's businesses by delivering services in the areas of audit, corporate governance, finance, risk, human resources, legal, compliance, communication, change management, technology, operations, property management, strategy, sustainability, and housing. The three main areas in Group Functions are TOPS, Finance and Risk Management. Currently ABN AMRO is in a state of transition whereby it is amending its segmentation. For more information, please refer to section 1.10 "Recent developments".

Technology, Operations & Property Services

Technology, Operations & Property Services ("**TOPS**"**)** supports ABN AMRO's business by providing services in the areas of IT (software and hardware), operations, facility management, information security, procurement, and programme and project management in The Netherlands and internationally.

Finance

Finance ("**Finance**") helps keep ABN AMRO's business on track to achieve the goals defined in its long-term strategy. Finance is the primary supplier of management and reporting information to ABN AMRO's internal and external stakeholders. It plays an independent role in delivering management information and challenging business decisions. Finance provides a financial control environment and ensures compliance with accounting standards and requirements set by the regulatory authorities.

Risk Management

A strong sustainable bank relies on sound risk management. The responsibility of Risk Management ("**Risk**") is to help securing a sound risk/return ratio based on a moderate risk profile. The bank-wide risk appetite determines ABN AMRO's moderate risk profile. All different events or risk types to which ABN AMRO is exposed are defined and categorised in the risk taxonomy. Risk Management identifies and manages all the risk types classified in the risk taxonomy.

ABN AMRO has a diversified balance sheet with primarily client-driven assets and liabilities, limited exposure to 'toxic' assets (*e.g.* it does not hold third-party collateralised loan obligations or third-party asset backed securities), and it has limited European Union peripheral exposures. ABN AMRO's investment banking and capital markets activities are directed towards serving the basic needs of clients in the Commercial Banking and International Clients business lines.

1.7 Regulation

Regulation and supervision in the European Union

The European Union is working on a broad range of measures aimed at bringing more stability and transparency to the European financial sector. Major developments include Basel III/CRD IV, the creation of a banking union, the European Market Infrastructure Regulation (EMIR), the revised Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (together, MiFID II), the Bank Recovery and Resolution Directive (BRRD), a renewed Deposit Guarantee Scheme Directive (DGS), the Packaged Retail Investment Products (PRIIPS) Regulation, the Mortgage Credit Directive, the proposed new Payment Services Directive (PSD 2), the Data Protection Regulation and the EU Banking Reform Proposals.

New proposals are continuously being introduced at global, European and national level. Regulations are becoming more stringent and supervision stricter. Implementing the new laws and regulations may be costly and could have an impact on ABN AMRO's business. ABN AMRO will need to allocate a significant amount of resources to prepare for these changes.

Solvency Supervision

ABN AMRO is subject to an evolving regulatory landscape with respect to the supervision of its solvency and capital adequacy.

Capital adequacy framework (Basel)

In 2004, the Basel Committee endorsed the publication of the "International Convergence of Capital Measurement and Capital Standards: a Revised Framework", commonly referred to as Basel II. The Capital Requirements Directive, representing the translation of Basel II to EU legislation, was approved by the European Parliament in 2005. This acceptance by the European Parliament cleared the way for the implementation of the Capital Requirements Directive in Europe, with a published compliance date of 1 January 2007. The process of implementing Basel II into Dutch legislation (through the Wft) and regulation was completed in December 2006, when DNB published its supervisory rules.

Basel II provides for three approaches of increasing sophistication for the calculation of credit risk capital: the Standardized Approach; the Internal Ratings Based Foundation Approach; and the Advanced Internal Ratings Based Approach. Basel II also introduced capital requirements for operational risk for the first time.

Basel II is structured around three "pillars":

- Pillar 1 sets out minimum regulatory capital requirements, namely the minimum amount of capital banks must hold against credit, operational and market risks.

- Pillar 2 sets out the key principles for supervisory review of an institution's risk management framework and, ultimately, its capital adequacy. It also sets out specific oversight responsibilities for the board and senior management, thus reinforcing principles of internal control and other corporate governance practices. Pillar 2 requires each institution to conduct an internal capital adequacy assessment process ("**ICAAP**").

- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

ABN AMRO transitional agreement and current compliance with the Basel II capital adequacy framework

Basel II Pillar 1

The Pillar 1 capital requirement is the absolute minimum amount of capital required of a bank to cover the three major risk types that a bank faces: credit risk, operational risk and market risk as determined in the Basel II, Pillar 1 framework.

For credit risk the AIRB approach is used to calculate more than 85% of the RWA (REA). All exposure classes are reported under AIRB. Within these exposure classes, a number of smaller portfolios are temporarily calculated applying the Standardised Approach ("**SA**"), as they are subject to a rollout plan and scheduled to be transferred to the AIRB approach at a later stage. For some portfolios a permanent exemption is obtained. These portfolios are reported on SA on a permanent basis.

ABN AMRO has implemented the Internal Models Approach ("**IMA**") for calculating market risk capital for the trading book and submitted the application for IMA to the regulator for approval. ABN AMRO obtained formal approval from the regulator for the use of the IMA approach for calculating regulatory capital in February 2016.

ABN AMRO currently applies the SA to calculate regulatory capital for operational risk. Over the past few years, ABN AMRO has implemented the Advanced Measurement Approach ("**AMA**") model. The application for the AMA status has been submitted to the ECB.

Basel II Pillar 2

ABN AMRO's capital requirement under Pillar 2 is based on internal models for economic capital and the view of the regulator, as expressed in the ICAAP and Supervisory Review and Evaluation Process (SREP). The economic capital models were integrated in 2011 to ensure suitability for the merged bank.

Economic capital requirements are monitored monthly and reported in quarterly Capital Adequacy Assessments Reports and in the yearly ICAAP statement. ABN AMRO also delivers an Internal Liquidity Adequacy Assessment Process report to the regulator on an annual basis.

In addition to regulatory capital, ABN AMRO also calculates economic capital (EC) and uses it as the key metric for internal risk measurement and management. Economic capital is the amount of capital ABN AMRO needs to hold to achieve a sufficient level of protection against large unexpected losses that could result from extreme market conditions. Economic capital is used for risk aggregation to determine the required capital, for capital allocation, ex-post performance measurement (RARORAC) and risk appetite setting, e.g. industry concentration risk limits. Economic capital figures are also used at the transactional level in loan pricing tools. These tools serve as a decision-making mechanism for assessing the attractiveness of a new transaction, in terms of risk-adjusted return on capital. Economic capital is based on internal assessments and requirements. For the calculation of economic capital, ABN AMRO has internal models. With these models economic capital is calculated on a 99.95% confidence level and a one-year time horizon.

Stress testing is an important management instrument used by ABN AMRO. The main objective of stress testing is to ensure that ABN AMRO operates within its moderate risk appetite, to increase risk awareness throughout the bank and to safeguard business continuity by means of proactive management and the review of potential future scenarios. The bank applies stress testing on a regular basis to assess the effect of potential plausible but unlikely events and developments on the bank. These events may be systemic (e.g. multi-year macro-economic stress) or ABN AMRO-specific. Bank-wide stress testing, as applied by ABN AMRO, takes into account all material risks the entire bank is exposed to. The following types of stress tests are executed:

- Sensitivity analysis to identify the sensitivity between specific risk drivers and ABN AMRO's financials;
- Scenario analysis to gain insight into potential scenarios that are considered relevant;
- Reverse stress testing to gain insight into events that would break ABN AMRO's minimum capital and liquidity ratios, results of which are used in contingency planning.

ABN AMRO's Group Risk & Compliance Committee is extensively involved in bank-wide stress testing. The Group Risk & Compliance Committee discusses and decides on scenario development, impact determination and management actions. As part of the overall risk management framework, ABN AMRO performs internal stress tests to assess the capital and liquidity adequacy based on internally developed stress testing scenarios and identified risk factors. In the stress scenario, it has been assumed that the economy is hit by several shocks simultaneously. The scenario variables include, amongst others, GDP, unemployment rate, property prices, interest rates, inflation and equity prices.

Based on the stress test results no additional capital actions were required in 2014. The stress test results have been incorporated into capital planning by taking into account the minimum capital levels under stress. Besides bank-wide stress testing, ABN AMRO performs stress testing by focusing on specific portfolios or business lines. Furthermore, ABN AMRO participates in *ad hoc* stress test exercises as requested by regulatory bodies, such as DNB and EBA.

Basel II Pillar 3

Since 2012 ABN AMRO integrates the Pillar 3 report in its Annual Report.

New Basel regulation

The bank has implemented CRD III (the European Union implementation of Basel 2.5). The impact on capital has been limited as the bank currently applies the standardized approach to the large majority of market risk.

CRD IV (the European Union implementation of Basel III) has led to an increase in RWA (REA), mainly due to an increase in the capital requirement for the treatment of mark-to-market counterparty risk losses through the Credit Value Adjustment (CVA) capital charge.

CRD

The Capital Requirements Directives ("**CRD**") came into force on 1 January 2007 and was introduced as a supervisory framework in the European Union, designed to ensure the financial soundness of credit institutions. The Directive reflects the Basel II rules on capital measurement and capital standards.

In response to the global crisis, the Basel Committee on Banking Supervision has implemented a number of changes to the Basel II framework. These changes are implemented in the EU through modifications to the CRD.

CRD II

The first modifying directive, CRD II, was adopted in 2009, and the changes became effective in The Netherlands in December 2010. CRD II included changes regarding the classification of hybrid capital instruments, the introduction of a retention requirement for own securitizations, new requirements for liquidity risk management, and technical changes of the credit risk requirement.

CRD III

The second modifying directive, CRD III, was adopted by the European Union on 14 December 2010. CRD III includes changes to remuneration rules, increased capital requirements for the trading book, increased capital requirements for re-securitization (securitizations that have underlying securitization positions), enhanced disclosure of securitization exposures and other technical amendments.

Basel III/CRD IV

Certain reform proposals under consideration, including the proposals of the Basel Committee as set out in the Basel III Final Recommendations, which has been implemented in the European Union through CRD IV, result in the Issuer becoming subject to stricter capital requirements and affects the scope, coverage, or calculation of capital, all of which require the Issuer to reduce business levels or restrict certain activities or to raise capital. Regulatory reform proposals could also result in the imposition of additional restrictions on the Issuer's activities if it were to no longer meet certain capital requirements at the level of the financial holding company.

CRD IV replaced its predecessor capital requirements directives (CRD I, II and III). The proposals became effective as of 1 January 2014.

The Basel Committee proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, to strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio. The Basel Committee has subsequently introduced several amendments and refinements to Basel III, particularly in respect of its liquidity requirements, capital requirements and other areas. The Basel Committee has indicated that it continues to consider potential revisions to the Basel III regime. The Basel Committee has published proposals to further strengthen the risk-weighted capital framework, including in relation to credit risk, market risk and operational risk. For example, at the end of 2015 and following a first consultative document published in December 2014, the Basel Committee published a second consultative document concerning revisions to the standardised approaches for credit, operational and market risk, and the introduction of capital floors. The revisions form part of the Basel Committee's broader review of the capital framework to balance simplicity and risk sensitivity, and to promote comparability by reducing variability in risk-weighted assets across banks and jurisdictions. Of these proposals, the introduction of the standardised credit risk RWA (REA) floor would have the most significant impact on the Issuer. The proposals for the initial 2014 consultative document concerned new standardised credit risk RWA (REA) calculation rules, which included (i) introduction of new risk drivers, (ii) introduction of higher risk weights, and (iii) removal of external ratings from the framework. In addition, the initial 2014 proposals required banks to apply advanced approaches to risk categories, applying the higher of (i) the RWA (REA) floor based on (new) standardised approaches and (ii) the RWA (REA) floor based on advanced approaches in the denominator of their ratios. Consistent with the 2014 proposals, the Basel Committee maintains its stance on the removal of internal models and own

estimates of haircuts for calculating capital requirements under the standardized approaches. However, as part of the revised 2015 proposals, the Basel Committee has decided, *inter alia*, to reintroduce the use of external ratings, in a non-mechanistic manner, for exposures to banks and corporates. The 2015 proposals also include alternative approaches for jurisdictions that do not allow the use of external ratings for regulatory purposes. Although timing for adoption, content and impact of these proposals remain subject to considerable uncertainty, the implementation of the standardized RWA (REA) floors would have a significant impact on the calculation of the Issuer's risk weighted assets due to the substantial difference in RWA (REA) calculated on the basis of advanced approaches and such calculation on the basis of new standardized rules for mortgages, and, to a lesser extent, exposures to corporates. In the first quarter of 2016 the Basel Committee published a consultative paper proposing changes to the internal ratings based approaches. The Basel Committee proposes, amongst others, to remove the option to use the IRB approaches for certain exposure classes, to introduce PD and LGD floors for exposure classes that are still permitted under IRB approach, a greater use of supervisory Credit Conversion Factors (CCF) and constraints on EAD estimation processes. On 6 April 2016, the Basel Committee issued a consultative document on the revision to the Basel III leverage ratio framework. Among the areas subject to proposed revision in this consultative document are the change in the calculation of the derivative exposures and the credit conversion factors for off-balance sheet items.

The changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates described above or any future changes may also require the Issuer to raise additional regulatory capital or hold additional liquidity buffers. Furthermore, the variety of capital and liquidity requirements of regulators in different jurisdictions may prevent the Issuer from managing its capital and liquidity positions in a centralized manner, which may impact the efficiency of its capital and liquidity management. If the Issuer is unable to raise the requisite regulatory capital, it may be required to further reduce the amount of its risk exposure amount or business levels, restrict certain activities or engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or at prices which would otherwise be attractive to the Issuer. If the Issuer is unable to adequately manage its liquidity position, this may prevent it from meeting its short-term financial obligations.

Banking Union

The EU banking union consists of three pillars: the Single Supervisory Mechanism ("**SSM**"), the Single Resolution Mechanism ("**SRM**") and the Single Rulebook ("**SR**").

- *Single Supervisory Mechanism*

Under the SSM, the ECB has become the primary supervisor for the prudential supervision of credit institutions in participating Member States that qualify as "significant credit institutions" as of 4 November 2014. In the European Union, around 125 credit institutions are identified as significant banks, and ABN AMRO is one of them. The ECB will be responsible for market access, among other things, and will supervise capital requirements and governance.

In advance of the SSM, the ECB carried out a comprehensive assessment which comprised a supervisory risk assessment, an asset quality review and a stress test. The supervisory risk assessment was to review (quantitatively and qualitatively) key risks, including liquidity, leverage and funding. The asset quality review was to enhance the transparency of bank exposures by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions. Finally the stress test was to examine the resilience of banks' balance sheets to stress scenarios.

- *Single Resolution Mechanism*

On 19 August 2014, the European Regulation (EU) No 86/2014 establishing uniform rules and a uniform procedure for the resolution of banks and certain investment firms in the framework of the Single Resolution Mechanism and a Single Resolution Fund (the "**SRM**") entered into force. The SRM provides for a single resolution framework, a single resolution board ("**Resolution Board**") and a single resolution fund ("**Resolution Fund**").

The primary geographic scope of the SRM is the euro area and SRM applies to the Issuer as a primary recovery and resolution code complementing the Dutch implementation measures relating to the BRRD. The Resolution Board has resolution powers over the institutions that are subject to the SRM, thus replacing or exceeding the powers of the national authorities. The Resolution Board shall draw up and

adopt a resolution plan for the entities subject to its powers, including the Issuer. It shall also determine, after consultation with competent authorities, a minimum requirement for own funds and eligible liabilities subject to write-down and conversion powers which the Issuer will be required to meet at all times. The Resolution Board may also use the powers of early intervention as set forth in the SRM, including the power to require an institution to contact potential purchasers in order to prepare for resolution of institution. The Resolution Board has the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national authorities under the BRRD. The resolution tools available to the Resolution Board include the sale of business tool, the bridge institution tool, the asset separation tool and the Bail-in Tool as further specified in the SRM. The use of one or more of these tools is included in the resolution plan adopted by the Resolution Board.

Pursuant to the SRM, the Bail-in Tool may be applied to recapitalise an institution to restore its ability to comply with the licensing conditions and to sustain market confidence in the institution or to convert claims or debts to equity or reduce their principal amount. The Bail-in Tool covers bonds and notes issued by the institution subject to resolution measures, but certain defined instruments are excluded from the scope, such as covered bonds.

The Issuer will only be eligible for contribution to loss absorption by the Resolution Fund after a resolution action is taken if shareholders or the holders of relevant capital instruments and other eligible liabilities have made a contribution (by means of a write-down, conversion or otherwise) to loss absorption and recapitalization equal to an amount not less than 8% of the total liabilities (including own funds and measured at the time of the resolution action). See for further information on the Resolution Fund "*Issuer - 4. Operating and Financial Review - 4.2 Key factors affecting results of operations*".

- *Single Rule Book*

  The key pillars of the SR are the rules on stronger prudential requirements of CRD IV, the deposit guarantee scheme and a framework for bank recovery and resolution.

  - *CRD IV*

    CRD IV transposes the Basel III Final Recommendations into the EU legal framework. CRD IV applies from 1 January 2014 and sets stronger prudential requirements for banks. The new rules will make EU banks more solid and will strengthen their capacity to adequately manage the risks linked to their activities and absorb losses they may incur in doing business. Furthermore, these new rules will strengthen the requirements regarding banks' corporate governance arrangements and processes, for example regarding diversity within management and rules on bonuses. The Issuer expects the European Banking Authority (EBA) to continue to introduce a large number of technical standards, guidelines and recommendations in the course of 2017, further defining EU banks' obligations. In addition, on 23 November 2016, the European Commission published the EU Banking Reform Proposals which are wide-ranging and cover multiple areas, including the Pillar 2 framework, a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt, the MREL framework, the integration of the TLAC standard into EU legislation (see below under "FSB Standard for Total Loss-Absorbing Capacity") and the transposition of the fundamental review of the trading book (FRTB) conclusions into EU legislation. See also the risk factor 7. "The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects" above.

  - *EU Deposit Guarantee Scheme Directive and euro-wide deposit insurance scheme (EDIS)*

    On 15 April 2014, the European Parliament adopted the new EU Deposit Guarantee Scheme Directive (the "**DGS Directive**") which was published in the Official Journal of the EU on 12 June 2014. The DGS Directive was required to be transposed into national law by 3 July 2015. In The Netherlands a decree implementing the DGS Directive was adopted by the Dutch Minister of Finance on 26 November 2015. The DGS continues to guarantee repayment of certain client deposits up to EUR 100,000 held at European

banks in the event of bankruptcy or resolution. The funding of the DGS has been amended from an ex-post funded system to a partially ex-ante funded system. This means that participating financial institutions will have to contribute to the scheme on a periodic basis rather than facing charges only when an actual insolvency event occurs requiring them to compensate the clients of the affected financial institutions. The new ex-ante funding system was required to be transposed into national law by 3 July 2015, however the requirement for the relevant deposit guarantee schemes to have available means at the target level of 0.8% of the amount of covered deposits held with its members, including the Issuer, must be achieved by 3 July 2024. Contributions are based on the covered deposits of the bank and risk based contributions. The Netherlands may also impose minimum contributions. The ex-ante funding system has increased the Issuer's expenses in connection with the DGS. In addition, if the available financial means of the relevant DGS is insufficient to repay depositors when deposits become unavailable, an additional contribution may be required, which will in principle not exceed 0.5% of the covered deposits held with the Issuer per calendar year. Additional requirements of the DGS Directive include a broadening of the scope of clients for whom the deposit guarantee will be available (in addition to consumer deposits, deposits of businesses will be included, whereas currently only companies who published abridged annual accounts fall within its scope), information requirements to customers and the shortening of the period for making payments under the DGS Directive from 20 working days (until 31 December 2018) to 7 working days (from 1 January 2024). Based on national legislation (*Besluit Bijzondere Prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*) the information requirements (i.e., pre contractual information and the provision of information at least once a year on deposits that are covered by the DGS) apply as of 1 January 2015.

On 24 November 2015, the European Commission has proposed EDIS for bank deposits and has set further measures to reduce remaining risks in the banking sector in parallel. The scheme would develop over time and in three stages. It would consist of a re-insurance of national Deposit Guarantee Schemes (DGS), moving after three years to a co-insurance scheme, in which the contribution of EDIS will progressively increase over time. As a final stage, a full European Deposit Insurance Scheme is envisaged in 2024.

- *Banks Recovery and Resolution Directive*

On 12 June 2014, a directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU, "**BRRD**") was published in the Official Journal of the European Union. EU Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to implement the BRRD by 31 December 2014 and to apply their implementing measures from 1 January 2015, with the Bail-in Tool for other eligible liabilities to apply from 1 January 2016, at the latest. The measures as set out in the BRRD (including the Bail-in Tool) have been implemented into national law with effect from 26 November 2015.

The BRRD sets out a common European recovery and resolution framework which is composed of three pillars: preparation (by requiring banks to draw up recovery plans and resolution authorities to draw up resolution plans), early intervention powers and resolution powers. The stated aim of BRRD is, similar to the Dutch Intervention Act, to provide relevant authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses. It also provides for a national, prefunded resolution fund that each Member State will have to establish and build up. All banks will have to pay into these funds, and contributions will be higher for banks that take more risks.

On 23 November 2016, the European Commission published the EU Banking Reform Proposals which propose to make certain amendments to, amongst others, the BRRD. See also the risk factor 7. "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*".

Recovery and resolution plans

As required by the BRRD, the Issuer is required to draw up and maintain a recovery plan. This plan must provide for a wide range of measures that could be taken by the Issuer for restoring its financial position in case it significantly deteriorated. The Issuer must submit the plan to the competent resolution authority for review and update the plan annually or after changes in the legal or organisational structure, business or financial situation that could have a material effect on the recovery plan. Keeping the recovery plan-up-to-date will require monetary and management resources.

The resolution authorities responsible for a resolution in relation to the Issuer will draw up the Issuer's resolution plan providing for resolution actions it may take if the Issuer would fail or would be likely to fail. In drawing up the Issuer's resolution plan, the resolution authorities will identify any material impediments to the Issuer's resolvability. Where necessary, the resolution authorities may require the Issuer to remove such impediments. This may lead to mandatory legal restructuring of the Issuer, which could lead to high transaction costs, or could make the Issuer's business operations or its funding mix to become less optimally composed or more expensive. The resolution authority may also determine, after consultation with competent authorities, a minimum requirement for own funds and eligible liabilities (MREL) subject to write-down and conversion powers which the Issuer will be required to meet at all times. This may result in higher capital and funding costs for the Issuer, and as a result adversely affect the Issuer's profits and its ability to pay dividends. For further information on recovery and resolution plans applicable to the Issuer see the risk factor "*9. Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding.*".

Early intervention

If the Issuer does not comply with or, due to a rapidly deteriorating financial position, would be likely not to comply with capital or liquidity requirements in the near future, the resolution authorities will have the power to impose early intervention measures. A rapidly deteriorating financial position could, for example, occur in the case of a deterioration of the Issuer's liquidity situation, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of the Issuer, the power to make changes to the Issuer's business strategy, and the power to require the Issuer's managing board to convene a general meeting of shareholders, set the agenda and require certain decisions to be considered for adoption by the general meeting.

Resolution measures

If the Issuer were to reach a point of non-viability, the resolution authorities could take pre-resolution measures. These measures include the write-down and cancelation of shares, and the write-down or conversion into shares of capital instruments.

Furthermore, BRRD and SRM provide resolution authorities with powers to implement resolution measures with respect to banks which meet the conditions for resolution, which may include (without limitation) the sale of the bank's business, the separation of assets, the Bail-in Tool, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments and discontinuing the listing and admission to trading of financial instruments. The Bail-in Tool comprises a more general power for resolution authorities to write-down the claims of unsecured creditors of a failing bank and to convert unsecured debt claims to equity.

Subject to certain exceptions, as soon as any of these proposed proceedings have been initiated by the relevant resolution authority, as applicable, the relevant counterparties of such bank would not be entitled to invoke events of default or set off their claims against the bank for this purpose.

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

otherwise apply. As detailed above, under the heading – *Single Resolution Mechanism*, the Resolution Board has taken on many of the powers and responsibilities assigned to resolution authorities in the BRRD.

MiFID II

In April 2004, the Markets in Financial Instruments Directive 2004/39/EC ("**MiFID**") came into force. MiFID regulates the provision of investment services and investment activities and replaced the Investment Services Directive 1993/22/EEC, which established the single European passport for investment firms. MiFID provides a harmonized regime for investment services and investment activities and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. Furthermore, MiFID harmonized conduct of business rules, including best execution, conflict of interest, customer order handling rules and rules on inducements. MiFID abolished the concentration rule, creating a more competitive regime between order execution venues. It furthermore imposes market transparency rules on investment firms, regulated markets and multilateral trading systems for both pre- and post-trading for, *inter alia*, equities.

On 15 April 2014 the European Parliament adopted updated rules for investment firms and markets in financial instruments, after an agreement in principle was reached with the Council on 14 January 2014. The new rules, which were published in the Official Journal of the European Union on 12 June 2014, consist of a Directive ("**MiFID II Directive**") and a Regulation with direct force in the EU ("**MiFIR**") (together: "**MiFID II**"). The rules of the MiFID II Directive were initially required to be transposed into EU Member State law by 3 July 2016 and the EU Member States were initially required to apply most of these rules as from 3 January 2017. However, the European legislature has extended the application and transposition dates for most of these MiFID II Directive rules with one year. The new deadline for application of most of these rules of the MiFID II Directive is 3 January 2018. The update covers topics such as market infrastructure, more robust investor protection and strengthened supervisory powers. MiFID II increases equity market transparency and, for the first time, establishes a principle of transparency for non-equity instruments such as bonds and derivatives. Investment firms operating an internal matching system which executes client orders in financial instruments on a multilateral basis may in future be required to seek authorisation as a Multilateral Trading Facility or Organised Trading Facility, a new category of multilateral trading venue through which transactions in non-equity instruments may be executed. To meet the G20 commitments, MiFID II provides for strengthened supervisory powers and a harmonised position limits regime for commodity derivatives to improve transparency, support orderly pricing and prevent market abuse. A new framework will improve conditions for competition in the trading and clearing of financial instruments. MiFID II introduces trading controls for algorithmic trading activities. Stronger investor protection is achieved by introducing better organisational requirements, such as client asset protection or product governance. MiFID II strengthens the existing regime to ensure effective and harmonised administrative sanctions. A harmonised regime for granting access to EU markets for firms from third countries is based on an equivalence assessment of third country jurisdictions by the European Commission. As MiFID II significantly extends not only the scope but also the detail of existing (MiFID) regulations, the Issuer will have to review existing activities and, where necessary, may need to adjust the manner in which it operates. The Issuer is also likely to have to provide more information to its clients, such as about the costs and charges involved in providing investment services.

EMIR

Regulation (EU) 648/2012 of 4 July 2012, the European Market Infrastructure Regulation ("**EMIR**"), on over-the-counter ("**OTC**") derivatives, central counterparties and trade repositories entered into force on 16 August 2012. Regulatory technical standards supplementing EMIR entered into force on 15 March and 15 September 2013. Further regulatory technical standards supplementing EMIR are to be expected. EMIR introduces new requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR also establishes common organisational, conduct of business and prudential standards for central counterparties ("**CCPs**") and trade repositories. The main obligations relevant for ABN AMRO under EMIR are (i) central clearing for certain classes of OTC derivatives, (ii) the application of risk mitigation techniques for non-centrally cleared OTC derivatives and (iii) reporting of both exchange traded and OTC derivatives transactions. EMIR will apply directly to any entity (financial as well as non-financial) established in the EU that has entered into a derivative contract, and applies indirectly to non-EU counterparties trading with EU parties.

For non-centrally cleared OTC derivatives, ABN AMRO will need to comply with certain operational risk management requirements, including timely confirmation, portfolio reconciliation, record keeping and (in future) the increased exchange of collateral. The implementation of EMIR increases ABN AMRO's reporting requirements on outstanding and new derivative contracts. As from 12 February 2014, ABN AMRO is obliged to report both exchange traded and OTC derivative transactions to an authorised or recognised trade repository or (where no trade repository is available to record the details of a derivative contract) to ESMA.

Packaged Retail and Insurance-based Investment Products

Packaged Retail and Insurance-based Investment Products ("**PRIIPS**") are investment products offered to retail clients in 'packaged' form, which are exposed to investment risks irrespective of whether the products in question are securities, insurance or banking-based. Investors do not invest directly in the underlying investment products; instead, the provider of the investment product combines, includes or groups together different assets in the packaged product. Such packaged products can be complex for investors to understand. Those selling these products can also face conflicts of interest since they are often remunerated by the product manufacturers rather than directly by the retail investors. A complex patchwork of regulation has developed to address these risks, and inconsistencies and gaps in the patchwork have raised concerns as to the overall effectiveness of the regulatory regime, both in relation to its capacity to protect investors and its ability to ensure the markets work efficiently. These concerns have been further heightened by the impact of the financial crisis.

A regulation on key information documents for packaged retail and insurance-based investment products (Regulation 1286/2014, the "**PRIIPS Regulation**") requires a key information document ("**KID**") to be provided when offering PRIIPS to certain clients. This document must include information on the features, risks and costs. The PRIIPS Regulation covers, among other products, insurance-based investment products, structured investment products and collective investment schemes. The PRIIPS Regulation entered into force on 29 December 2014 and it will apply directly in all Member States from 1 January 2018.

Mortgage Credit Directive

The European Parliament has adopted new mortgage lending rules: the Mortgage Credit Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property adopted on 4 February 2014 (the "**Mortgage Credit Directive**"). The Mortgage Credit Directive aims to afford high level consumer protection throughout the EEA. The directive applies to secured credit and home loans. The main provisions of the directive include consumer information requirements. In the pre-contractual phase, certain standardised information must be included in any advertising for credit agreements detailing information on the interest rate or indicating figures relating to costs. In addition, banks are required to ensure that consumers are provided with personalised information needed to compare mortgage products available in the market. The directive would oblige banks to conduct a documented creditworthiness assessment before granting the loan. The directive also imposes requirements on early repayment. Consumers must have the right to discharge fully or partially their obligations under a credit agreement prior to its expiry. In such cases, the consumer shall be entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the contract. The changes referred to above may adversely impact the Issuer's business model and may force the Issuer to make substantial investments to meet the above requirements. The rules pursuant to the Mortgage Credit Directive entered into force on 14 July 2016.

PSD 2 and Multilateral Interchange Fees Regulation

On 24 July 2013, the European Commission adopted a new legislative package in the field of the EU payments framework. The package included a proposal for a revised Payment Services Directive ("**PSD 2**") and a Regulation on Interchange Fees for Card-Based Payment Transactions ("**Interchange Fees Regulation**").

The PSD 2 has been finalised and was published as a consolidating new Directive (2015/2366) in the Official Journal of the European Union on 23 December 2015. The PSD 2 will replace the previous Payment Services Directive (2007/64/EC) as from 13 January 2018 and will have to be implemented by EEA member states by that date. The main objectives of PSD 2 are to (i) contribute to a more integrated and efficient European payments market, (ii) improve the level playing field (including new players), (iii)

make payments safer and more secure, (iv) improve consumer protection, and (v) encourage lower prices for payments.

The Interchange Fees Regulation (2015/751) was published in the Official Journal of the European Union on 19 May 2015, and applies from 8 June 2015, with the exception of certain provisions that apply from 9 December 2015 and other provisions that apply from 9 June 2016. The main objective of the Interchange Fees Regulation is to create a level playing field by removing barriers between national payment markets and allowing new entrants to enter the market, driving down the fees that retailers pay their banks and ultimately allowing consumers to benefit from lower retail prices.

Key elements of the PSD 2 that could impact ABN AMRO are: (i) access to payment accounts by other parties than the bank where the customer holds an account (Third Party Access), and (ii) security requirements. Third Party Access as described in the PSD 2 may force the Issuer to make substantial investments and expose it to more or intensified competition and can be a threat as parties other than banks focus on the customer-engagement components of the value chain and leave the commoditized transactional components to banks which could lead to disintermediation. Security is and will remain a core element in the service offering of banks whereby it is important that the security requirements in the PSD 2 strike the right balance between ease of use and risk. A key element of the Interchange Fees Regulation that could impact ABN AMRO are transparency requirements on interchange fees to merchants (detailed invoice), which will increase the cost base of banks.

Data Protection Regulation

In 2012 the European Commission presented its proposal to reform the general EU legal framework on the protection of personal data. The main policy objectives in this reform are to: (i) modernise the EU legal system for the protection of personal data, in particular to meet the challenges resulting from globalisation and the use of new technologies, (ii) strengthen individuals' rights and at the same time reduce administrative formalities to ensure a free flow of personal data within the EU and beyond, (iii) improve the clarity and coherence of the EU rules for personal data protection and achieve consistent and effective implementation of the privacy rules and application of the fundamental right to the protection of personal data in all areas of the EU's activities. The European Commission intends to achieve this by substituting the current EU Data Protection Directive of 1995 for a new EU general data protection regulation that will apply directly and uniformly throughout the European Union. This reform will have a major impact on the private sector and provides for significant fines, with fines that could amount to 4% of the worldwide turnover of a company or EUR 20 million, whichever one is higher. The Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**") was adopted on 27 April 2016 and will apply from 25 May 2018. The GDPR, despite being a regulation and not a directive, allows member states to further enact local legislation on a number of aspects. This means that local implementation legislation may be enacted throughout Europe. In The Netherlands, a draft has been published and shortly been open for consultation in which the local legislator makes use of such possibility. It is uncertain when this act will be officially adopted. It is expected to enter into force on 25 May 2018. In parallel with EU legislative amendments to strengthen privacy protection, there are a number of Dutch initiatives in this field that entered into force on 1 January 2016: (i) an amendment of the Dutch Data Protection Act imposing the obligation to report data leaks, with fines up to EUR 450,000 for non-compliance, and (ii) the new power of the Dutch privacy regulator to impose fines of up to EUR 810,000 or 10% of the annual turnover per infringement. In addition to this, on 10 January 2017 the European Commission published a draft regulation concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (the "**E-Privacy Regulation**"). The E-Privacy Regulation affects in principle only the telecommunications sector, however all other sectors are affected by it to the extent they make use of electronic communication means such as e-mail or telephone, or cookies or other similar techniques for commercial purposes. The fines for infringing the E-Privacy Regulation are the same as those of the GDPR. The text is not yet final and the impact on the industry still needs to be determined. The European Commission, the European Parliament and Council will first need to enter into the tripartite negotiations on the final text. The European Commission urges however the European Parliament and the Council to work swiftly and to ensure its smooth adoption by 25 May 2018, the date as from which the GDPR will apply.

Financial Transaction Tax

In February 2013, the EC published a proposed directive for a common Financial Transaction Tax ("**FTT**") to be implemented in 10 participating Member States, being Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-zone. As at the date of this Prospectus, it has not been proposed that The Netherlands become a participating Member State. On 27 January 2015 ministers of 11 EU Member States (still excluding The Netherlands) issued a joint statement in which they reiterated their commitment to reach an agreement on a financial transaction tax, but no further details were provided. The proposed directive has a very broad scope. Under the proposed directive, the FTT could if introduced in the form proposed in February 2013, *inter alia*, levy a tax on transactions in financial instruments by financial institutions if at least one of the parties to the transaction is located in the FTT-zone. A financial institution may be, or be deemed to be, established in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. Joint statements issued by the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives. However, full details are not yet available. Furthermore, on 8 December 2015 Estonia stated that it will not participate. As of the date of this Prospectus, it is unclear when the FTT will come into force, if at all, and it is unclear what the scope of the FTT would be. If the FTT were to come into force and to the extent the FTT were to apply, the Issuer could incur significant additional costs.

Other

Other developments include a proposal adopted by the European Commission on 29 January 2014 for a regulation which would give banks' supervisors the power to require banks to separate certain potentially risky trading activities from their deposit-taking business if the pursuit of such activities compromises financial stability. In addition, the European Commission has adopted an accompanying proposal for a regulation on reporting and transparency of securities financing transactions. This securities financing transaction regulation came into force on 12 January 2016 (Regulation (EU) 2015/2365).

Supervision of insurance activities

As from 1 January 2016, the insurance companies in ABN AMRO (in The Netherlands, Belgium, France, and Luxembourg) must comply with a new solvency framework and prudential regime commonly referred to as "**Solvency II**". Solvency II consists of a European Directive (2009/138/EC) as implemented in Dutch law as per 1 January 2016, a European Regulation ((EU) 2015/35) and a number of technical standards and guidelines issued by EIOPA. Solvency II completely overhauls the solvency framework and prudential regime currently applicable to insurers and requires them to make adaptations in many areas to comply with this new regime.

Solvency II consists of three pillars. The first pillar is made up of quantitative requirements, most importantly introducing a risk-based solvency capital requirement calculated on the basis of a market value consistent balance sheet and taking into account the actual risks run by the insurer and their interconnectedness. Only own funds that meet strict requirements are eligible to meet the solvency capital requirement. The second pillar complements the first with qualitative requirements regarding the governance of insurers. Rules in this pillar most importantly relate to the internal organisation of insurers including rules on key functions, risk management and the internal control of insurers. In the area of risk management the requirement of an own risk and solvency assessment (ORSA) is introduced requiring insurers to undertake a self-assessment of their risks, corresponding solvency requirements, and adequacy of own funds. The third pillar introduces a greater level of transparency than currently, requiring extensive reporting to supervisory authorities and a solvency and financial condition report to be made public.

Insurers are also subject to conduct of business rules that are very similar to those applicable to banks. Insurers are furthermore subject to the PRIIPS Regulation and EMIR and will also become subject to the IDD once implemented in Dutch law. If insurers offer mortgage credit, they are also subject to the rules on mortgage lending. Anyone acquiring a qualifying holding in an insurer must comply with rules on structural supervision as is the case with respect to banks.

As is the case with respect to banks, Dutch insurers are subject to certain rules on recovery and resolution. For life insurers the Wft provides for a relief scheme (*opvangregeling*) that can be deployed by DNB in certain specific circumstances. The relief can consist of obligatory reinsurance of all or part of the life insurer's portfolio or obligatory transfer of the life insurer's portfolio. As already set out above, insurers are also subject to the Dutch Intervention Act. In case DNB perceives signs of a dangerous development regarding the insurer's own funds, solvency or technical provisions and it can reasonably be foreseen that this development cannot be sufficiently or timely reversed, DNB may request the court to declare the insurer subject to an emergency regulation (*noodregeling*). The rules on emergency regulation are similar to those applying to banks.

Insurance brokerage

On 23 February 2016 the Insurance Distribution Directive ("**IDD**", formerly known as the Insurance Mediation Directive II) came into force and replaced Directive 2002/92/EC ("**Insurance Mediation Directive**"). The Insurance Mediation Directive regulates brokers and other intermediaries selling insurance products. In contrast to the Insurance Mediation Directive, the scope of the IDD is extended to all sellers of insurance products, focussing especially on market integration, fair competition between distributors of insurance products and policyholder protection. As per 23 February 2016, Member States will have two years to implement the IDD into national legislation.

Key features of the IDD are, among other things, mandatory disclosure requirements obliging insurance intermediaries to disclose to their customers the nature of remuneration they receive, including any contingent commissions, and in case the remuneration is directly payable by the customer the amount of the remuneration, or if the full amount of remuneration cannot be calculated, the basis of its calculation. Insurers carrying out direct sales will be required to comply with information and disclosure requirements and certain conduct of business rules, including a general obligation to act honestly, fairly and professionally in accordance with customers' best interests.

UCITS V/AIFM Directive/MMFR

Directive 2014/91/EU ("**UCITS V**") introduces an obligation for management companies to establish and maintain for those categories of staff whose professional activities have a material impact on the risk profiles of the UCITS that they manage, remuneration policies and practices that are consistent with sound and effective management, and further harmonises the tasks and duties of depositaries.

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers ("**AIFM Directive**"), together with the supplementing Regulation 231/2013 of 19 December 2012, establishes a framework for the regulation and supervision of the alternative investment fund ("**AIF**") industry, particularly hedge funds and private equity funds, but essentially covering all non-UCITS investment funds. The AIFM Directive actually lays down the rules for the authorisation, ongoing operation and transparency of the managers of alternative investment funds (AIFMs) which manage and/or market alternative investment funds (AIFs) in the European Union. The AIFM Directive came into force on 21 July 2011 and was implemented in the FMSA on 22 July 2013.

When directly or indirectly offering units or shares of AIFs to, or placing such units or shares with investors, banks and investment firms must ascertain whether the units or shares are being marketed in accordance with the Wft.

The proposed Money Market Funds Regulation ("**MMFR**") introduces new rules aimed at making money market funds ("**MMFs**") more resilient to crises and at the same time securing their financing role for the economy. MMFs are either UCITS or AIFs that invest in short-term financial instruments and have specific objectives. The MMFR aims to make MMFs safer and provide for more transparency, investor information and investor protection by requiring MMFs to diversify their asset portfolios, invest in higher-quality assets, follow strict liquidity and concentration requirements and have sound stress testing processes in place. The MMFR is currently in the European legislative process whereas provisional agreement with the European Parliament was reached on 14 November 2016.

4th EU AML/CFT Directive

On 26 June 2015, Directive EU 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist

financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, entered into force, enhancing the existing EU measures to combat money laundering and the financing of terrorism. The provisions of the directive will need to be transposed into the laws of the EU Member States (*Wet ter voorkoming van witwassen en financieren van terrorisme or WWFT*) and must be applied by 26 June 2017. Important changes in the EU requirements regarding anti-money laundering and the countering of the financing of terrorism (EU AML/CFT requirements) relate to additional requirements for identification and verification of the ultimate beneficial owner and extension of the definition of politically exposed persons (PEPs) to domestic PEPs. The changes will have considerable impact on client on-boarding processes and may require re-papering of client files to meet the obligations on a group wide level.

Regulation and supervision in The Netherlands

General

The Dutch regulatory system applicable to ABN AMRO is a comprehensive system based on the provisions of the Wft which came into effect on 1 January 2007. The Wft sets out rules regarding prudential supervision (by DNB) and supervision of conduct (by the AFM). Prudential supervision focuses on the solidity of financial undertakings and contributes to the stability of the financial sector. Supervision of conduct focuses on orderly and transparent financial market processes, clear relations between market participants and due care in the treatment of clients (including supervision of the securities and investment businesses).

In addition to the supranational regulatory developments described above, the Dutch government and regulators have proposed a number of measures such as the introduction of a bank tax, an intervention act, a ban on referral fees and changes to the system of the Dutch Deposit Guarantee Scheme.

Prudential Supervision

The ECB is formally the competent authority responsible for the supervision of the Issuer's compliance with the prudential requirements including (i) the own funds requirements, securitisation, large exposure limits, liquidity coverage ratio and net stable funding requirements, the leverage ratio and the supervisory reporting and public disclosure of information on those matters and (ii) the requirement to have in place robust governance arrangements, including the fit and proper requirements for the persons responsible for the management of the Issuer, remuneration policies and practices and effective internal capital adequacy assessment processes, and for the carrying out of supervisory reviews and stress tests to determine whether a sound management and coverage of risks are ensured by the Issuer's arrangements, strategies, processes and mechanisms as well as for the carrying out of supervisory tasks in relation to recovery plans and early intervention. The ECB is also the competent authority to assess notifications of the acquisition of qualifying holdings in banks and to grant a declaration of no objection for such holdings.

Supervision by DNB

DNB is required to assist the ECB with the preparation and implementation of any acts relating to the supervisory tasks of the ECB and must follow instructions given by the ECB in that respect. In addition, DNB has remained the competent authority in respect of prudential requirements not having a basis in EU law such as the requirements in respect of customer due diligence and the liquidity requirements other than the liquidity coverage ratio and net stable funding requirements provided for by the CRR. DNB has also remained the competent authority under other supervisory laws and regulations relevant to ABN AMRO's business, such as anti-money laundering legislation.

As part of the Supervisory Review and Evaluation Process ("**SREP**") ECB and DNB may perform an analysis of the Issuer's business model and strategy, and form a view on its viability and sustainability. If necessary, they may take measures to address any problems and concerns. Such measures may include the requirement to make changes to the business plan and strategy, or require the Issuer to reduce risks that are inherent in certain products by requiring changes to the offering of these products or improvements of the governance and control arrangements around product development and maintenance. They may also include measures to reduce risks inherent to the Issuer's systems by requiring improvements of its systems or require the Issuer to raise additional regulatory capital. Such measures may adversely impact the

Issuer's business and may force the Issuer to make substantial investments to meet the above requirements.

Emergencies

The Wft contains an emergency regulation (*noodregeling*) which can be declared in respect of a credit institution by a Dutch court at the request of DNB if such credit institution is in a position which requires special measures for the protection of its creditors. As of the date of the emergency, only the court appointed administrators have the authority to exercise the powers of the representatives of the credit institution. Furthermore, the emergency regulation provides for special measures for the protection of the interests of the creditors of the credit institution. A credit institution can also be declared in a state of bankruptcy by the court.

Dutch Intervention Act

In anticipation of the EC proposal for a crisis management framework, the Dutch Intervention Act entered into force in June 2012 (with retrospective effect to January 2012). The Dutch Intervention Act provides a framework ensuring timely and orderly resolution of financial institutions in the event of serious problems, without the necessity to enter into bankruptcy proceedings. It grants substantial new powers to DNB and the Dutch Minister of Finance, enabling them to deal with ailing Dutch banks prior to insolvency.

The national framework for intervention with respect to banks by DNB has been replaced by the law implementing the resolution framework set out in the BRRD (as defined below). However, the powers granted to the Dutch Minister of Finance under the Dutch Intervention Act remain. The Dutch Minister of Finance may take measures or expropriate assets and liabilities of, claims against or securities issued by or with the consent of a financial firm (*financiële onderneming*) or its parent, in each case if it has its corporate seat in The Netherlands, if in the Minister of Finance's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which the firm finds itself.

Financial Markets Amendment Act 2016

A consultation document for the Financial Markets Amendment Act 2016 was published on 26 June 2014 and a consultation document for the Financial Markets Amendment Decree 2016 was published on 31 March 2015. The 2016 Amendment Act and Decree entered into force on 1 January 2016. Three of the important changes relate to the introduction of early intervention powers to temporarily dismiss board members of financial institutions should there be doubts about their suitability, the introduction of protection for derivatives transactions counterparties against bankruptcy of intermediaries and the implementation of the conclusions of a review of the Dutch Intervention Act.

Financial Markets Amendment Decree 2017

A consultation document for the Financial Markets Amendment Decree 2017 was published on 27 July 2016. The 2017 Amendment Decree is expected to enter into force on 1 July 2017. Two of important changes relate to (i) the extension of the inducement ban for advisors and intermediaries advising on investments in investment funds with a prohibition for such advisors and intermediaries to be paid a fee by the client that is directly debited from the investment account of the client and (ii) the introduction of a requirement for financial institutions providing automated advice to have procedures in place to ensure compliance with the same laws and regulations that apply to advice given in person.

Mortgage Lending Rules

In The Netherlands, additional restrictions apply to the principal residence mortgage loan market for individuals. These restrictions have been introduced against the background of a stagnant Dutch economy and in an environment of decreasing house prices and a significant reduction in the volume of houses sold. The maximum loan amount for government-guaranteed mortgage loans (*Nationale Hypotheekgarantie*, "**NHG**") was capped at EUR 245,000 for the year 2016. As per 1 January 2017, the cap is related to the average value of houses. In addition, the Dutch government has further restricted the maximum permissible amount of a mortgage loan to 101% (including 2% transfer tax) of the value of the property as from 1 January 2017 and this maximum will gradually be reduced further by 1% per year to 100% as from 1 January 2018. The lowering of this loan-to-value rate is expected to put further

downward pressure on the total outstanding volume of mortgages in The Netherlands which could decrease the size of the Issuer's mortgage portfolio.

In The Netherlands, subject to a number of conditions, mortgage loan interest payments used to be fully deductible from the income of the borrower for income tax purposes. However, new legislation on tax deductibility of new mortgages loans took effect on 1 January 2013. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility will be gradually reduced by 0.5% per year from the current maximum of 50% to a maximum of 38% in 2042. This percentage will however not be reduced below the third bracket (which is 40.80% in 2017) for income tax purposes in any given year. Changes to the deductibility of interest payments may, amongst other things, have an effect on the house prices and the rate of economic recovery on mortgage loans for mortgage loan providers (such as the Issuer) and may result in an increase of defaults, prepayments and repayments of mortgage loans.

Ban on referral fees and bonuses

On 1 January 2013, the Dutch government introduced a ban on referral fees relating to specific complex financial products, such as mortgages, life insurance and pension insurance. The goals are to increase transparency for consumers and ensure that the interests of consumers and their advisors are aligned. Financial advisors are required to provide transparency related to costs, terms of service and relations with relevant third parties and referral fees are prohibited for these products.

A similar ban on referral fees came into effect into effect as of 1 January 2014 in relation to certain investment services, including, but not limited to, (i) individual portfolio management, (ii) investment advice and (iii) execution-only services, all in relation to financial instruments. The prohibition affects for instance inducement fees which used to be paid by investment funds to distributors. Under the new rules, only the client itself is allowed to pay commissions to the investment services provider. ABN AMRO has in response introduced new investment products in The Netherlands, which include advisory fees for investment advisory services and fees for execution only services. As of 1 January 2014, all clients who use these services must pay these fees. As of 1 January 2014, the majority of the funds held in discretionary portfolio management do not involve inducements or distribution fees. For the remaining minority of clients (primarily where clients wish to continue their investments in particular funds), ABN AMRO passes on amounts received to the individual clients.

The Dutch government introduced rules in 2012 restricting the payment of bonuses by financial institutions that receive State support. The rules target both companies that will receive state support in the future as well as companies that have received state support in the past. The rules include a ban on performance-related variable remuneration (i.e. bonuses) as well as restrictions on other parts of the remuneration paid to managing directors and/or to persons determining the day-to-day policy of the financial institution. The rules also apply to institutions that do not receive state aid directly but are part of a state-aided group.

Conduct of business supervision

The Wft provides a comprehensive framework for the conduct of securities trading in or from The Netherlands. The body responsible for carrying out conduct of business supervision in The Netherlands is the AFM.

Conduct-of-business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial undertakings in dealing with clients.

Dutch bank tax

As of 1 October 2012, the Dutch government introduced a banking tax for all entities that are authorised to conduct banking activities in The Netherlands. The tax is based on the amount of the total liabilities on the balance sheet of the relevant bank as at the end of such bank's preceding financial year, with exemptions for equity, for deposits that are covered by the Deposit Guarantee Scheme and for certain liabilities relating to the insurance business. The levy on short-term funding liabilities is 0.044% and the levy on long-term funding liabilities is 0.022%.

Due to the introduction of the bank tax, ABN AMRO incurred a EUR 112 million surcharge in 2012, a EUR 106 million surcharge in 2013, a EUR 91 million surcharge in 2014, a EUR 98 million surcharge in 2015 and a EUR 98 million surcharge in 2016, increasing expenses and the cost/income ratio. This measure will lead to costs in subsequent years.

Regulation in the rest of the world

ABN AMRO's operations elsewhere in the world are subject to regulation and control by local supervisory authorities, and its offices, branches and subsidiaries in such jurisdictions are subject to certain reserve, reporting and control and other requirements imposed by the relevant central banks and regulatory authorities.

Dodd-Frank Act

The Dodd-Frank Act covers a broad spectrum of issues ranging from systemic supervision, changes in the regulation of investment advisers and OTC derivatives markets, to measures aimed at improving consumer protection. Most of the impact on ABN AMRO's businesses results from the rules on OTC derivatives that are primarily used in the Markets business. For example, various provisions, such as mandatory clearing of swaps, trade execution through swap execution facilities, and reporting of OTC derivatives, apply to the Issuer when transacting with U.S. persons. Other provisions apply only if ABN AMRO is required to register as a swap entity with the applicable U.S. regulator.

The U.S. Commodity Futures Exchange Commission ("**CFTC**") and the SEC continue to issue regulations to implement the OTC derivatives provisions of the Dodd-Frank Act. The CFTC has issued all of its implementing rules; the SEC has adopted some of its implementing rules, while others have not yet been finalised. The major remaining outstanding rules of the CFTC are those relating to capital of registered swap entities and margin for uncleared swaps. Based on the information gathered to date, the Issuer has not registered as a swap dealer with the CFTC. In August 2015, the SEC adopted final rules and forms for the registration of security-based swap dealers and major security-based swap participants, which became effective in October 2015. The Issuer is monitoring legal developments and OTC derivatives volumes to determine the need for registration.

FATCA

FATCA was enacted by U.S. authorities in March 2010. The objective of FATCA is to increase the ability to detect U.S. persons evading tax by holding accounts with non-U.S. (foreign) financial institutions ("**FFI**"). Based on sections 1471-1474 of the Code and Treasury Regulations thereunder, FATCA imposes a 30% withholding tax on U.S. source payments to an FFI, unless the FFI either concludes an agreement with the United States Internal Revenue Service (the "**IRS**"), under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements (an "**FFI Agreement**") or is based in certain so-called IGA jurisdictions, where the local government has concluded an inter-governmental agreement with the U.S. to facilitate the implementation of FATCA (an "**IGA**"). On 18 December 2013, the U.S. and The Netherlands entered into an IGA. All jurisdictions in which the Issuer operates have substantially concluded an IGA with the U.S.

ABN AMRO intends to become fully FATCA compliant, and expects FATCA to continue having an impact on client on-boarding processes, client administration and reporting systems. In addition, clients may receive requests to provide additional or updated information and documentation.

Information exchange and reporting

There are various international and EU initiatives on automatic exchange of information for tax purposes (such as the OECD Common Reporting Standard and the amended EU Directive on Administrative Cooperation). These initiatives call on jurisdictions to obtain information from financial institutions such as the Issuer. The information so obtained will be automatically exchanged with other jurisdictions. These initiatives have had and will continue to have considerable impact on client on-boarding and administrative processes of the Issuer. Increasingly, countries in which the Issuer operates request the Issuer to report information in greater detail than had been required, including information related to deposits held, and dividends and interests received, by clients. The manner and detail of reporting requirements differs from country to country. Accordingly, an increasing number of requests are made to the Issuer and entering into relationships with new clients is becoming more complex. Therefore, the

Issuer may be required to make significant investments in money and time in order to be able to continue to operate in all countries where it operates.

Sanctions

Sanctions are political instruments in the foreign and security policy of countries and international organisations (such as the United Nations and EU). Sanctions regimes imposed by governments, including those imposed by the European Union, US, including the Office of Foreign Assets Control, or other countries or international bodies prohibit ABN AMRO and its clients from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. These legislative, regulatory and other measures include anti-terrorism measures, international sanctions, blockades, embargoes, blacklists and boycotts imposed by, amongst others, the EU, the United States and the United Kingdom, but also by individual countries. Violation of sanction regimes may have material implications such as criminal penalties, administrative fines and the prohibition to do business in the country that proclaimed the sanctions.

For further information on laws and regulations applicable to the Issuer see, inter alia, the risk factors "6. The regulatory environment to which the Issuer is subject gives rise to significant legal and financial compliance costs and management time, and non-compliance could result in monetary and reputational damages, all of which could have an adverse effect on the Issuer's business, financial position and results of operations", "7. *The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*", "*8. As a result of capital and/or liquidity requirements, the Issuer may not be able to manage its capital and liquidity effectively, which may adversely affect its business performance*", "*9. Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" and "*10. The Issuer is subject to stress tests and other regulatory enquiries, the outcome of which could negatively impact the Issuer's reputation, financing costs and trigger enforcement action by supervisory authorities. Stress tests could also bring to the surface information which may result in additional regulatory requirements or measures being imposed or taken which could have a negative impact on the Issuer's business, results of operations, profitability or reputation*".

1.8 Legal and arbitration proceedings

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in this section. However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that, save as set out below, it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding 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 ABN AMRO, the Issuer and/or its subsidiaries.

Settlement with Ageas

In 2009, Ageas SA/NV (formerly known as "**Fortis SA/NV**") and ageas N.V. (formerly known as "**Fortis N.V.**") (together, "**Ageas**") initiated legal proceedings against ABN AMRO Capital Finance Ltd, ABN AMRO Bank and the Dutch State claiming EUR 363 million compensation for which Ageas was liable on the cash settlement date. Furthermore, on 7 December 2010 and in accordance with the transaction documentation, the EUR 2 billion of 8.75% Mandatory Convertible Securities converted into ordinary Ageas shares and the final (semi-annual) coupon was paid. Ageas claimed it was entitled to receive EUR 2 billion of ABN AMRO ordinary shares by way of compensation. On 28 June 2012, however, ABN AMRO Group N.V., ABN AMRO Bank and Ageas agreed to settle all disputes, including the proceedings initiated by Ageas regarding the two aforementioned claims, between ABN AMRO Group N.V., ABN AMRO Bank, the Dutch State and Ageas in relation to the equity transactions which resulted in the takeover of the Dutch activities of the Former Fortis group by the Dutch State on 3 October 2008. Previously, the EUR 2.0 billion liability resulting from the MCS was retained in the balance sheet, of which EUR 1.75 billion continued to qualify as Tier 1 capital. Under IFRS this obligation was required to be classified as a liability instead of equity since the number of shares to be issued by ABN AMRO, if any, for the conversion of the liability was unclear as the contract did not stipulate a fixed amount of shares to be delivered. After the settlement, core Tier 1 capital increased by EUR 1.6 billion, being the

sum of the EUR 2.0 billion liability and the one-off settlement amount of EUR 400 million as paid by ABN AMRO to Ageas. As a result, Tier 1 and total capital decreased by EUR 150 million.

Certain MCS-related hedge fund claims of EUR 1.75 billion plus 8.75% coupon until 7 December 2030 are not included in the settlement. These related proceedings initiated by certain hedge funds in Belgium against the four issuers of the MCS are still pending. On 23 March 2012, the Commercial Court in Brussels (Belgium) rejected all claims of the hedge funds. This verdict underlines the verdict in the summary proceedings (*kort geding*) of November 2010 that the MCS holders could not unilaterally amend the terms and conditions of the contract. Certain hedge funds have filed an appeal against the verdict. ABN AMRO remains confident that the MCS holders do not have the unilateral power to amend the terms and conditions of the MCS and therefore also continues to be positive about the outcome of the appeal proceedings.

Madoff fraud

ABN AMRO Bank, certain of its subsidiaries and some of their client funds had exposure to funds that suffered losses (in some cases, significant losses) as a result of the Madoff fraud. In some instances, ABN AMRO Bank and/or a subsidiary made collateralized loans to client funds that had indirect exposure to Bernard L. Madoff Investment Securities ("**BLMIS**"). In other instances, a subsidiary of ABN AMRO Bank entered into total return swap transactions with client funds that were indirectly exposed to BLMIS, and also purchased reference portfolio interests in funds that were exposed to BLMIS. If those BLMIS exposed funds remain impaired, ABN AMRO Bank estimates that its and its subsidiaries' losses could amount to EUR 922 million as provisionally provided for in 2008. In addition, certain subsidiaries of ABN AMRO Bank provided other services (including custodial and administration services) to client funds that had exposure to BLMIS. The provision of the custodial services has resulted in a number of legal claims, including by BLMIS' trustee in bankruptcy (Irving Picard), and liquidators of certain funds, as they pursue legal actions in attempts to recover payments made as a result of the Madoff fraud and/or to make good their alleged losses. ABN AMRO Bank subsidiaries are defending themselves in these proceedings to which they are defendants. In light of the preliminary status of those claims and other arrangements that may mitigate litigation exposure, it is not possible to estimate the total amount of ABN AMRO Bank subsidiaries' potential liability, if any. ABN AMRO Bank and its relevant subsidiaries are continuing to investigate and implement strategies for recovering the losses suffered.

As previously reported, a total amount of EUR 16 million (exclusive of costs) was recovered in the first half of 2009. In 2011, 2012 and 2013, one of ABN AMRO Bank's subsidiaries was able to sell shares and limited partnership interests that were provided to it as collateral or which it had bought to hedge its exposure in the context of the collateralized loans and total return swap transactions referred to above. These sales resulted in proceeds of EUR 52 million, EUR 78 million and EUR 253 million, respectively, and an equivalent amount provided for in 2008 was subsequently released.

Sale of interest rate derivatives

The sale of derivatives to SME clients has led to complaints and to court cases against financial institutions that sold the derivatives, including ABN AMRO. Multiple lawsuits on the subject are pending or have resulted in settlements or court decisions and Kifid rulings. ABN AMRO is currently involved in a class action that relates to the sale of interest rate derivatives to SMEs. Clients of ABN AMRO have claimed, among other things that the risks relating to the products sold to them were not, or not sufficiently, disclosed, that the products sold to them were not suited for their circumstances, and/or that ABN AMRO owed them a duty of care which ABN AMRO had breached and/or that ABN AMRO was restricted in exercising their contractual right to increase margin on loans covered by an interest rate swap. The significant losses incurred by Vestia in connection with a substantial derivatives portfolio have for example been prominently reported in the media and multiple proceedings are ongoing to recover losses and other damages from ABN AMRO.

In addition, in these matters, regulatory and other authorities have taken and may in the future take further measures against or impose fines on the parties involved, including ABN AMRO, which may be material. As required by and in consultation with the AFM, ABN AMRO has reviewed its SMEs interest rate derivative portfolio. The objective of this review, which was completed in the first half of 2015, was to determine whether ABN AMRO acted in accordance with the laws and regulations applicable at the time. The outcome of the review was that ABN AMRO in several instances is unable to determine conclusively that it has fully complied with its duty of care obligations in connection with the sale of interest rate

derivatives to SME clients. In these cases it could not be fully established that clients were sufficiently informed about the risk of their particular combination of floating rate interest loan and interest rate derivative, specifically in the scenario of declining interest rates.

For example, the review revealed cases of mismatch between the loan and the interest rate derivative. This could be caused by an early prepayment of the loan or mismatches in other features of the loan and the interest rate derivative. A mismatch could lead to the relevant SME client being overhedged. As a result, these SME clients are faced with a risk exposure which is in most cases equal to the difference between the floating interest rate to be received and the fixed interest rate to be paid in the interest rate derivative, to the extent of the overhedge. To resolve the overhedge situation, the interest rate derivative has to be (partially) unwound. However, as a result of the declining floating interest rates, the interest rate derivative has a negative mark-to-market value. Pursuant to the terms of the interest rate derivatives contract, the mark-to-market value has to be settled by the parties when unwinding interest rate derivatives. This settlement results in a payment obligation by the SME client, which is similar to the penalty paid upon early repayment of an equivalent fixed interest rate loan. ABN AMRO has proactively engaged with all of its SMEs interest rate derivative portfolio clients to discuss the outcome of the review and, if necessary, offer such clients an alternative product or another solution. ABN AMRO has in a number of SME client files agreed to (i) (partially) unwind the interest rate swap and/or (ii) partly compensate the SME clients.

Current proceedings are pending and their outcome, as well as the outcome of any threatened proceedings, is uncertain, as is the timing of reaching any finality on these legal claims and proceedings. The AFM reviewed five client files of non-professional SMEs that bought interest rate derivatives between October 2010 and January 2013. The AFM concluded with respect to these files that ABN AMRO has insufficiently looked after the interests of its clients (breach of duty of care) and that the recordkeeping of ABN AMRO with respect to these files was inadequate. The AFM imposed two fines in relation to these findings. One fine, made public on 23 October 2015, was with respect to recordkeeping and was in the amount of EUR 2 million. The second fine related to the AFM's finding that ABN AMRO had not sufficiently looked after the interests of its clients by not complying with the duty of care provisions relating to investment services set out in the Wft and was in the amount of EUR 750,000. With the publication of the recovery framework for interest rate derivatives on 19 December 2016 (see below), in which ABN AMRO is one of the participants, the AFM has decided to withdraw this second fine as it no longer considers imposition of such fine to be appropriate. Fines such as those mentioned above could lead to increased litigation in respect of interest rate derivatives sold to SMEs.

In December 2015 the AFM concluded that some aspects of the reviews banks were conducting would need to be amended. The AFM instituted a taskforce with the objective to arrive at a uniform solution for all clients and banks. On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a committee of independent experts. On 5 July 2016 this committee of independent experts published its advice on the reassessment of SME and middle market interest rate derivatives and on 19 December 2016 published the final recovery framework. ABN AMRO is adhering to this advice and is participating in the recovery framework. As a result, ABN AMRO increased the provision charged to the results in the second quarter of 2016 by around EUR 360 million (this increase was exclusive of implementation costs). The provision was increased mainly to cover an additional consideration and an expanded scope of the reassessment. Originally, all SME and middle market clients with a current interest rate derivative at 1 April 2014 were in scope of the reassessment. The new recovery framework includes clients who had one or more interest rate derivatives between 1 April 2011 and 1 April 2014. This is a total of around 6,800 clients with some 9,000 derivatives. In addition, clients who had older interest rate derivatives, but terminated them prematurely, can ask ABN AMRO to be considered for a reassessment provided, among other things, that the interest rate derivative contract was concluded after 1 January 2005 and had an initial contractual expiry date after 1 April 2011.

DNB thematic review of customer due diligence

In April 2014, DNB conducted a thematic review into the management of integrity risks and compliance with anti-money laundering laws and regulations at Private Banking in The Netherlands, focusing on customers from countries with a high risk of money laundering. In its inspection of customer files at Private Banking in The Netherlands, DNB found that, in a number of client acceptance files and reviews, the identification and verification of ultimate beneficial owners, source of wealth and/or analysis of tax risks were not documented adequately. ABN AMRO immediately initiated a programme called

Vertrouwd en Verantwoord Bankieren (Reliable and Responsible Banking**)** in The Netherlands aiming to upgrade relevant client acceptance and anti-money laundering policies, to raise awareness amongst staff and to improve the quality of the documentation in customer due diligence files and the risk assessment thereof. DNB imposed an order requesting the remediation of approximately 100,000 customer due diligence files at Private Banking in the Netherlands. Upon completion of the remediation DNB lifted this order in March 2017.

Dubai branch irregularities

In October 2015, DNB imposed a fine of EUR 625,000 because ABN AMRO did not comply with its obligation pursuant to article 2 of the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act to make sure that its branch in Dubai would carry out customer due diligence equivalent to the customer due diligence set out in the Dutch Anti-Money Laundering and Counter-Terrorist Financing Act. ABN AMRO's Head Office oversight of the branch was insufficient as it was based on an insufficient identification of inherent money laundering risks at the Dubai branch in relation to its Private Banking clients. As a result ABN AMRO took measures to further strengthen its international governance, in part by tightening reporting lines and escalation procedures to ABN AMRO's head office in Amsterdam.

In November 2015, the Dubai Financial Services Authority ("**DFSA**") imposed a related fine of USD 640,000. The DFSA imposed a fine because it found, amongst other things, that the Dubai branch, over the period January 2013 to December 2014, had not adequately identified and assessed the money laundering risk to which its business was exposed, did not maintain effective policies, systems and controls to prevent money laundering, did not adequately monitor and detect suspicious activity, document customer risk assessments and did not adequately undertake adequate customer due diligence for every customer, including the determination of the source of wealth and funds and enhanced due diligence for customers with a high risk rating. The DFSA directed the Dubai branch to complete its ongoing remediation of its systems and controls related to anti-money laundering and of the customer risk assessment and customer due diligence information it holds for all of its Private Banking clients and to certify the completion of the remediation to the DFSA. ABN AMRO executed a remediation programme to reassess the client portfolio of Private Banking at the Dubai branch aiming to ensure that the customer due diligence files met ABN AMRO's policies and local requirements. In October 2016 the Dubai Branch reported the completion of its remediation programme to the DBSFA.

Intertrust

In connection with the sale of a Swiss trust business to Intertrust N.V., ABN AMRO has, in the share purchase agreement, given certain indemnities to Intertrust N.V. Since 2013, litigation has been threatened, but not brought, against the Swiss trust business by one of the latter's clients in connection with an alleged loss of value of certain assets that were allegedly transferred late by the Swiss trust business to this client. The client would have suffered a loss of approximately CHF 62 million excluding interest. In 2014, Intertrust N.V. brought litigation against ABN AMRO to establish that any damages that Intertrust N.V. might suffer as a result of any claim by the client fall within the scope of the indemnification given by ABN AMRO. As the client has not commenced formal proceedings, Intertrust N.V. and ABN AMRO have agreed in 2015 to suspend, for the time being, the proceedings on the scope of the indemnity.

Adjustment of margin charge on mortgage loans with floating interest rates

ABN AMRO has sold mortgage loans with floating, often EURIBOR-based, interest rates (close to 1% of the total mortgage portfolio). An important element of the pricing model of these mortgage loans is the ability for ABN AMRO to charge costs - allocated and unallocated - on to its clients by adjusting the margin charge on top of the prevailing floating interest rate. In many of these products, ABN AMRO has structured its ability to do so in provisions in its terms and conditions that allow it to unilaterally adjust pricing or contract terms. As the external funding costs (spread on top of EURIBOR) of ABN AMRO has gone up and ABN AMRO has adjusted the margin charge upward in many cases, ABN AMRO is faced by clients contesting the ability of ABN AMRO to do so. The complaints are based on a number of specific and general legal principles. In 2012, a class action was brought by two foundations (*stichtingen*), Stichting Stop de Banken and Stichting Euribar, in relation to mortgage agreements with a floating interest rate based on EURIBOR, alleging that ABN AMRO was contractually not allowed to unilaterally increase the level of the applicable margin and violated its duty of care. On the same subject, ABN AMRO was found to have violated its duty of care with respect to an individual out of court settlement

proceeding by the appeals commission of Kifid. In the meantime, multiple individual proceedings and an additional class action have been initiated against ABN AMRO. In the class action case, the Amsterdam court reached a verdict on 11 November 2015. The court ruled that the various clauses in the conditions pertaining to amendments (amongst others 'the bank is authorised to change the surcharge' or 'the bank is authorised to change the interest rate') are unfair and has quashed these provisions. ABN AMRO was not allowed to unilaterally increase the level of the applicable margin. The court ruled that provisions in the contract relating to the margin adjustments were unfair in light of the EU Directive on unfair terms in consumer contracs. ABN AMRO filed its statement of appeal in February 2016. The foundations filed their (separate) statements of defence in June 2016. The (combined) appeal court hearing took place in January 2017. Both ABN AMRO as well as the two foundations defended their points of view in this matter and the appeal court asked several questions to all parties. The appeal court indicated that their decision is expected in May 2017. ABN AMRO took a provision for Euribor related claims. However, ABN AMRO is unable to accurately assess potential exposures as a result of further potential litigation in reaction of the appeal court's decision.

Transaction reporting

ABN AMRO conducted an internal review into transaction reporting to the AFM and found that it had not accurately reported or had omitted to report a significant number of financial markets transactions. Transaction reporting is the submission of data to the AFM about financial market transactions which includes details of the product traded, the trade counterparty and the trade characteristics such as buy/sell, price and the quantity concerned. ABN AMRO informed the AFM about the results of its review and back reported the related transactions. In December 2016, the AFM notified ABN AMRO that it intends to impose fines on ABN AMRO for having failed to report a significant number of transactions. It is expected that the AFM will announce its decisions in Q2 2017.

Imtech

ABN AMRO has extended credit to the Imtech N.V. group of businesses and it holds shares in Imtech N.V. further to an underwriting commitment in an Imtech N.V. rights offering. The Imtech N.V. group has been in financial difficulties ever since certain fraudulent events, perpetrated by certain managers and staff, were discovered a few years ago. In April 2015, Stichting Imtechclaim has threatened to initiate a collective action lawsuit against Imtech N.V., KPMG Accountants N.V. ("**KPMG**") and the underwriters of the Imtech N.V. rights offering. Since a claim has not yet been formally filed, the complaint is not entirely clear but ABN AMRO expects that it would, among other complaints, refer to prospectus liability and inappropriate behaviour as a result of conflicts of interest (dubieuze dubbelrol). The amount of damages that Stichting Imtechclaim can claim depends on the number of persons in the class which, ABN AMRO believes, is currently very small. In the course of 2015 the Vereniging van Effectenbezitters ("**VEB**") announced that it had concluded an agreement with the liquidators of Imtech and is preparing actions against various parties involved in the Imtech matter, including against banks. No claims have been made so far by the VEB nor by the liquidators of Imtech.

Stichting Havensteder

In 2015, housing corporation Stichting Havensteder ("**Havensteder**") wrote a letter to the Issuer containing allegations regarding two loans granted by the Issuer to a legal predecessor of Havensteder. Pursuant to the terms of the two loans, the Issuer has the right to extend the maturity of the loans at a certain date against a certain fixed interest rate. The relevant loans are co-signed and guaranteed by semi-public institution WSW (*Waarborgfonds Sociale Woningbouw*). Havensteder claims that the loans are void on the basis of (*inter alia*) error and abuse of circumstances. In addition, Havensteder holds the Issuer liable for consequential damages as a result of, among other things, an alleged breach of duty of care. Havensteder claims an amount of EUR 60 million, being the alleged actual termination value of the relevant loans.

Partner Logistics

In August 2016, the Issuer received a writ of summons from an indirect shareholder of the Issuer's former clients Partner Logistics Group B.V. and Partner Logistics Europe B.V. Both companies declared bankruptcy in the course of 2012. The indirect shareholder now alleges that the Issuer has acted wrongfully in the context of the bankruptcy of both companies and claims damages allegedly suffered by it in the amount of EUR 200 million. In response to the writ of summons, the Issuer filed its statement of

defence with the Amsterdam court on 18 January 2017. The court has ordered another round of pleadings. The indirect shareholders will have to file their statement of reply on 31 May 2017 after which ABN AMRO will have to file its statement of rejoinder on 12 July 2017.

Etesco Millennium – Trese

Nazca Floatel B.V. ("**Nazca**"), an indirect subsidiary of ABN AMRO, owned Etesco Millennium ("**EM**"), an offshore accommodation platform Nazca acquired legal ownership of EM as a result of collateral execution in connection with a loan granted to the previous owner of EM. Nazca let EM out as a bareboat charter to Trese, a Mexican company. After Trese defaulted on multiple occasions on its payments, Nazca terminated the bareboat charter on 5 February 2015. Trese initiated arbitration proceedings against Nazca before the London Court of International Arbitration for a claim in an amount in excess of USD 65 million due, inter alia, to an alleged unlawful termination of the bareboat charter. Nazca has filed a counterclaim in the arbitration proceedings in an amount in excess of USD 75 million. Nazca and Trese settled the disputes on 7 October 2016, and the arbitration proceedings have been terminated.

Claims relating to the history of ABN AMRO

In April 2014, RBS PLC and RBS N.V. (together "**RBS**") commenced International Chamber of Commerce arbitration proceedings in Paris and court proceedings before the Brussels District Court against ABM A, RP and other parties. Both proceedings relate to the sale by RBS N.V. (formerly ABN AMRO Bank N.V.) in 2007 of 50% of the shares in a joint venture company specialised in asset management called ABN AMRO Mellon Global Securities N.V. (the "**AA Mellon JV**") to Mellon Bank N.A. ("**Mellon**"). A substantial part of the AA Mellon JV business consisted of ABN AMRO asset management funds (the "**AAAM funds**"). Due to the takeover in 2007 of the former ABN AMRO group by, amongst others, Fortis, the agreement between RBS and Mellon was allegedly re-negotiated as it was anticipated that Fortis, which was to become the owner of the AAAM funds, would move the asset management activities of those funds away from AA Mellon JV and take those activities in-house. This would likely have a negative impact on the expected revenues of AA Mellon JV. It was therefore allegedly agreed between RBS and Mellon that certain amounts due to a fall in revenues of the acquired AA Mellon JV business would be repayable by RBS to Mellon. As a result, RBS repaid certain amounts to Mellon in the beginning of 2009. In the Brussels court proceedings, RBS alleges that Fortis (currently divided into Ageas N.V., BNP Paribas Fortis N.V. and ABN AMRO Bank N.V. (as successor in title to Fortis Bank Nederland (Holding) N.V. ("**FBNH**"))) breached an alleged agreement to compensate RBS in an amount of EUR 75 million. ABN AMRO has filed a statement of defense in January 2016. In the arbitration proceedings, RBS alleges that it has suffered damages of EUR 75 million in connection with the AA Mellon JV transaction for which it is allegedly indemnified under the Consortium Shareholders Agreement of 28 May 2007 (the "**CSA**") by the Fortis entities (Ageas and/or ABN AMRO) and/or the Dutch State, which became parties to the CSA by virtue of various deeds of accession. ABN AMRO has filed a short answer to RBS's request for arbitration in February 2015, RBS has filed its Statement of Claims in March 2016 and ABN AMRO has responded with its Statement of Defence on 23 May 2016. In December 2016 ABN AMRO and RBS agreed that ABN AMRO should be released from the arbitration proceedings with costs to be paid to ABN AMRO. The proceedings will continue against the Dutch State and Ageas. A consent order has been issued by the arbitral tribunal and ABN AMRO has now been formally released. Similarly, in the Belgian court proceedings, ABN AMRO has been released from the proceedings with costs to be paid to ABN AMRO.

A group of former Fortis SA/NV and Fortis N.V. shareholders, including the VEB is litigating against, among other persons, Ageas, certain banks and a number of former Fortis SA/NV and Fortis N.V. directors. The VEB alleges damages in excess of EUR 17 billion. The VEB announced on 14 March 2016 that it has reached a settlement with Ageas and that Ageas has made EUR 1.2 bn available for this settlement. The settlement is in the process of being approved by the Court of Appeal in Amsterdam. The claimants in certain other actions have been successful in establishing misleading disclosure by, among other persons, Ageas. ABN AMRO is not a party to any of these proceedings. Although ABN AMRO believes that there is no basis for successful claims against it in connection with these matters, it cannot be excluded that it is joined in current proceedings, or that proceedings in connection with the matters described above are brought against it.

Discussions with tax authorities in Switzerland and Germany

The tax treatment of certain transactions related to discontinued securities financing activities in ABN AMRO's international offices, which date back to the time before ABN AMRO assumed control of FBNH, are currently the subject of discussions with the Swiss and German tax authorities. In Switzerland, the discussion regards subsidiaries of FBNH that held long positions in Swiss traded equities and reclaimed dividend withholding tax. In 2010, the Swiss tax authority announced that it would not pay out further pending refund claims and would try to reclaim amounts already paid as the transactions were only motivated by tax reasons and therefore the subsidiaries were not considered beneficial owners of the respective underlying dividends. In May 2015, in a similar proceeding, the Swiss Supreme Court denied beneficial ownership to the taxpayer. This could lead to an unfavourable result for the Issuer in its discussions with the Swiss tax authorities and may have an impact on decisions of tax courts in other countries, for instance in Germany.

In Germany, a subsidiary previously owned by a subsidiary of FBNH sold shares in a Luxembourg entity by way of a management buy-out, which held the shares in a different German company (referred to, for purposes of this section, as the "**German company**"). ABN AMRO assumed the German company's tax liabilities in the merger with FBNH. In 2012, the German tax authorities issued notices to the German company of intent to reclaim dividend withholding tax amounts claimed by the German company in the years 2007 through 2009. ABN AMRO has filed objections against these notices, which are still subject to discussion. ABN AMRO has paid amounts in relation to these notices in Q1 2017. ABN AMRO understands investigations are currently being conducted by German authorities into equity arbitrage trading extending over dividend record dates by various banks and other parties. ABN AMRO has received information requests from authorities in respect of such customer dealings in the past, and it cannot be excluded that ABN AMRO might be affected by official investigations in the future. ABN AMRO could become subject to requests to pay taxes and interest, as well as possible other sanctions, which may be material.

ABN AMRO recognizes provisions to cover its exposure in relation to claims made by the Swiss and German tax authorities.

Sentinel

In August 2007, Sentinel Management Group, Inc. ("**Sentinel**"), a futures commission merchant that managed customer segregated funds for the Company, filed for bankruptcy. Shortly before Sentinel filed for bankruptcy, Sentinel sold securities to Citadel Equity Fund, Ltd. The U.S. Bankruptcy Court ordered funds from the sale to Citadel Equity Fund, Ltd be distributed to certain Sentinel customers. ABN AMRO received its *pro rata* share of USD 52,755,815 in total on behalf of its customers. On or about 15 September 2008, the bankruptcy trustee filed an adversary proceeding against all of the recipients of the court ordered distribution of funds from the Citadel Equity Fund, Ltd sale, including ABN AMRO, claiming the repayment of the amounts received. The complaint also includes a claim for other monies ABN AMRO received on behalf of its customers shortly before Sentinel filed for bankruptcy. This regards an amount of USD 4,000,399 and a claim for pre-judgment interest which could range from USD 443,000 to USD 9,720,000.

Ciccolella

ABN AMRO had granted credit facilities to Ciccolella Holding International B.V. and its subsidiaries, which were active in the flower trade business. As Ciccolella Holding International B.V. made losses and had liquidity issues, ABN AMRO terminated the facilities. Ciccolella Holding International B.V. and its subsidiaries were declared bankrupt in February 2013. The listed parent company of Ciccolella Holding International B.V. and one of its subsidiaries have brought proceedings against ABN AMRO and certain other parties on the basis of tort law principles. ABN AMRO would have contributed to the liquidity crisis as a result of not granting sufficient credit under the credit facilities. The amounts claimed are substantial. ABN AMRO was summoned before an Italian District Court. In May 2016 the Italian Supreme Court judged that the Italian Courts have no jurisdiction in this matter. The Issuer views the possibility of ABN AMRO being summoned before a Dutch court as remote.

Indemnity to the Dutch State

ABN AMRO Group N.V. and the Issuer have jointly and severally indemnified the Dutch State under an indemnity agreement for certain claims and liabilities. These include the Dutch State's obligation to provide funding or capital for the benefit of former ABN AMRO group business operations and assets and liabilities that were not allocated to any Consortium member for any amount in excess of EUR 42.5 million. In July 2015, ABN AMRO was informed by NLFI about a claim it had received from RBS relating to these assets and liabilities in RFS Holdings B.V. This gives NLFI the right to file a claim with the Issuer even though the Issuer has been informed by NLFI on 29 October 2015 that it will not file this claim with the Issuer based on the then available information. This situation might change in the future. ABN AMRO Group N.V. and ABN AMRO Bank have also provided indemnifications for certain other matters, such as not properly performing certain agreed services and obligations as well as for claims made against or liabilities suffered by the Dutch State as a result of the implementation by ABN AMRO Group N.V. and ABN AMRO Bank of certain opinions, suggestions or requirements which the Dutch State has made or imposed before 1 April 2010. It is not clear whether ABN AMRO Group N.V. or ABN AMRO Bank will have to pay any amounts under these indemnity agreements. It cannot be excluded that the Dutch State makes additional claims under these indemnification obligations. Significant claims could materially and adversely affect the Issuer's results of operations, prospects and financial condition. The indemnity does not contain a monetary limitation.

ICS

ICS, the credit card business of ABN AMRO, has identified certain issues in its credit lending portfolio and its internal processes and IT systems. ICS allowed credit limits to a number of its clients above their lending capacities. ICS has prepared a redress scheme that contains remedial measures for affected clients. ICS started the implementation of this scheme in March 2017. ICS has taken provisions for this redress scheme in the fourth quarter of 2016. ICS reported these issues to the AFM. The AFM notified ICS that it intends to impose fines in relation to these issues. ICS is currently awaiting the AFM’s decision.

1.9 Material Agreements

The following agreement has been entered into by ABN AMRO other than in the ordinary course of business and is material to ABN AMRO's business operations as of the date of this Base Prospectus.

IBM Global Master Services Agreement

On August 31, 2005, ABN AMRO Bank entered into a Global Master Services Agreement ("**GMSA**") with International Business Machines Corporation ("**IBM**") whereby ABN AMRO Bank outsourced the operational part of its core information and communication technology ("**IT**") to IBM. In 2010, this global outsource agreement was renewed, integrating the joint IT services requirements of both ABN AMRO and FBNH. As of 1 January 2015, ABN AMRO Bank and IBM renewed the GMSA for another 10 years, resulting in a restructuring of the services and a rationalisation of the cost base. The GMSA provides for a phased reduction of the annual charges. IBM has agreed to this, subject to ABN AMRO Bank meeting the relevant customer dependencies and staying within agreed volume boundaries. Changes requested by ABN AMRO Bank may have an impact on the reduction of the charges. The parties may, on request of ABN AMRO Bank, enter into negotiations on a possible extension of the GMSA upon expiry. ABN AMRO Bank also has the right to unilaterally extend the GMSA for a period of one year.

The services that IBM delivers are of vital importance to the products ABN AMRO Bank delivers to its clients, both in The Netherlands and internationally. The IT landscape includes all IT related hardware, software, processes and professionals necessary for ABN AMRO Bank to deliver its services to its clients. IBM's services can be divided into four areas: (1) data centre services, (2) end user services, (3) service management integration, and (4) related project services.

1.10 Recent developments

On 6 February 2017 ABN AMRO announced a new management structure. The new structure will include an Executive Board at both ABN AMRO Group N.V. and ABN AMRO Bank N.V. levels and an Executive Committee at ABN AMRO Bank N.V. level. This structure will become formally operational once the approvals for the appointments – to the extent required – are received from the regulators.

The statutory Executive Board in its final form will consist of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Risk Officer (CRO). ABN AMRO Bank N.V. will have an Executive Committee consisting of the members of the Executive Board together with six other members, and is chaired by the CEO. In the Executive Committee structure the number of represented business lines is doubled (Retail Banking, Commercial Banking, Corporate & Institutional Banking and Private Banking) and also includes two roles with bank-wide responsibilities (Technology & Innovation and HR & Transformation).

At the start, the Executive Board will consist of Mr Kees van Dijkhuizen as CEO, Mr Johan van Hall as Vice Chairman, Mr Wietze Reehoorn as CRO and the CFO to be appointed. Mr Johan van Hall will also be responsible for the portfolio Technology & Innovation.

The following persons have been appointed to the Executive Committee:

- CEO Retail Banking: Mr Frans van der Horst
- CEO Commercial Banking: Ms Daphne de Kluis
- CEO Corporate & Institutional Banking: Mr Rutger van Nouhuijs
- CEO Private Banking: Mr Pieter van Mierlo
- Chief HR & Transformation; Mr Gert-Jan Meppelink

2. SHAREHOLDER, GROUP AND CONTROL

2.1 Shareholder

ABN AMRO Group N.V. is ABN AMRO Bank's sole shareholder. ABN AMRO Bank is the only direct subsidiary of ABN AMRO Group N.V. and ABN AMRO Group N.V. has no significant activities other than holding the shares in ABN AMRO Bank.

As of the date of this Base Prospectus, all shares in the capital of ABN AMRO Group N.V. are held by two foundations: NLFI and STAK AAG. NLFI holds 70% and STAK AAG holds 30% of the shares in the issued capital of ABN AMRO Group N.V. Both foundations have issued depositary receipts for shares in ABN AMRO Group N.V. Only STAK AAG's depositary receipts are issued with the cooperation of ABN AMRO Group N.V. and traded on Euronext Amsterdam.

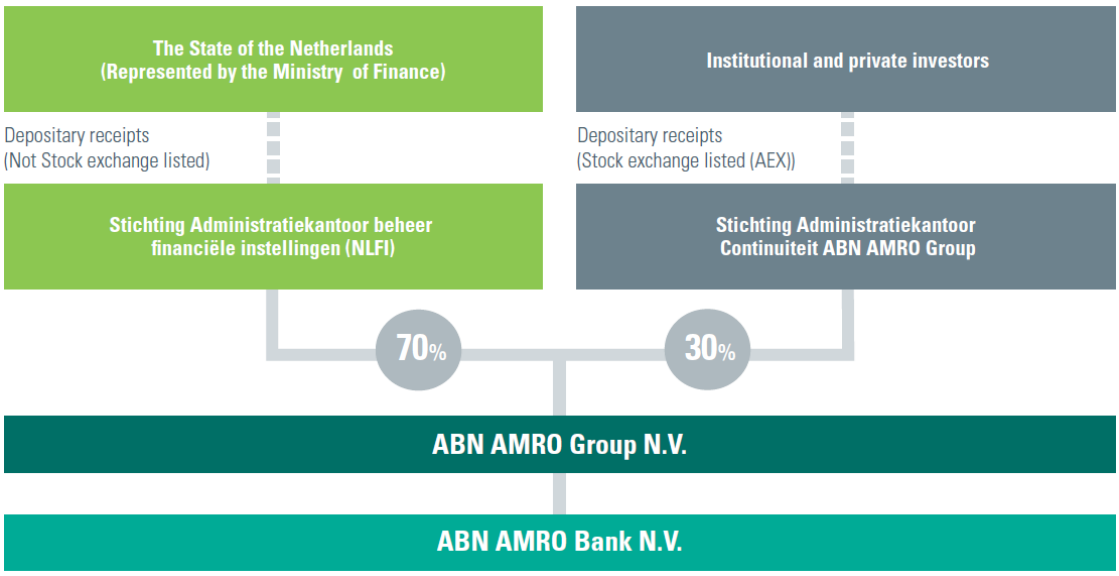
As of the date of this Base Prospectus, 70% of the shares in the capital of ABN AMRO Group N.V. are held by NLFI. As such NLFI holds a total voting interest of 70% in ABN AMRO Group N.V. NLFI is responsible for managing these shares representing 70% of the shares in the capital of ABN AMRO Group N.V. and exercising its rights associated with these shares under Dutch law, including voting rights. Material or principal decisions require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions with respect to such decisions. NLFI is not permitted to dispose of or encumber the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

NLFI issued exchangeable depositary receipts for 70% of the shares (without the cooperation of ABN AMRO Group N.V.) to the Dutch State. As holder of 70% of the exchangeable depositary receipts, the Dutch State holds an indirect economic interest of 70% in ABN AMRO Group N.V.

NLFI entered into a Relationship Agreement with ABN AMRO Group N.V. with respect to their mutual relationship after the IPO. Upon the IPO, the Relationship Agreement replaced an earlier memorandum of understanding between NLFI and ABN AMRO Group N.V. The Relationship Agreement will terminate if and when NLFI (directly or indirectly) holds less than 10% of ABN AMRO Group N.V.'s issued share capital, except for a limited number of clauses, which will not terminate under any circumstances.

STAK AAG is independent from ABN AMRO and is the holder of shares in ABN AMRO Group N.V.'s issued share capital. STAK AAG has acquired such shares for the purpose of administration (*ten titel van beheer*) in exchange for depositary receipts. This structure can serve as a defence measure. The STAK AAG also aims to promote the exchange of information between ABN AMRO Group N.V. on the one hand and holders of depositary receipts and shareholders on the other hand, for example, by organising a

meeting of depositary receipt holders prior to ABN AMRO Group N.V.'s General Meeting. STAK AAG will also report on its activities periodically, at least once a year. This report was published by STAK AAG for the first time in 2016. In addition, further selldowns of NLFI's shareholding in ABN AMRO Group N.V. will take place through STAK AAG (and in the form of depositary receipts).

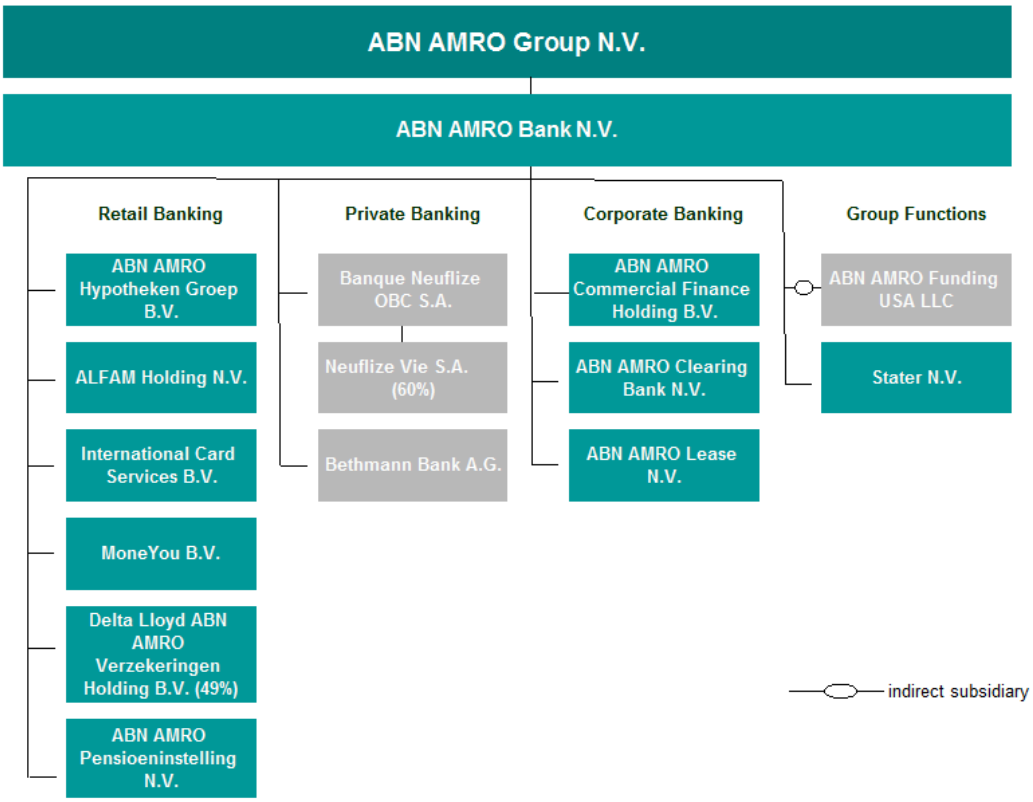


2.2 Group Governance

ABN AMRO Group N.V. is a public company with limited liability incorporated on 18 December 2009 under the laws of The Netherlands. The company has a two-tier board consisting of a Supervisory Board and a Managing Board. As noted in "*The Issuer—3. Management and Governance*", the memberships of the Supervisory Boards of ABN AMRO Group N.V. and ABN AMRO Bank are the same as are the memberships of the Managing Boards of ABN AMRO Group N.V. and ABN AMRO Bank and the committees of these boards.

2.3 Structure

Set out below is a diagram of the legal structure of ABN AMRO Bank and its main direct and indirect subsidiaries as at the date of this Base Prospectus:



2.4 Control

Until 29 September 2011, the Dutch State had direct control over ABN AMRO. On 29 September 2011, all shares in the capital of ABN AMRO Group N.V. held by the Dutch State were transferred to NLFI, as described above. The Dutch State is not involved in the day-to-day management of ABN AMRO.

The depositary receipts for the shares in the capital of ABN AMRO Group N.V. have been issued without its cooperation. As a matter of Dutch law, the Dutch State, as the holder of the depositary receipts, will not have certain statutory rights applicable had the depositary receipts been issued with the cooperation of ABN AMRO Group N.V., including the general right to attend and speak at shareholders' meetings. This is in keeping with the intended commercial, non-political management of the shares. The general terms of administration (*administratievoorwaarden*) provide for the exchangeability of the depositary receipts into ordinary shares in anticipation of the exit of the Dutch States as a shareholder of ABN AMRO Group N.V.

In August 2013, the Dutch Minister of Finance sent a letter to Parliament, stating, amongst others that an IPO was the most realistic exit strategy for ABN AMRO and that the final decision would depend on four prerequisites: (a) stability of the financial sector, (b) readiness of the market, (c) readiness of ABN AMRO and (d) the intention to recover as much as possible of the total investments of the Dutch State. On 1 July 2015 Dutch Parliament approved the Dutch Government's decision to return ABN AMRO to the private market. On 20 November 2015 ABN AMRO Group N.V. was listed and trading in the depositary receipts for ordinary shares commenced.

On 17 November 2016 NFLI, on behalf of the Dutch state, agreed to sell additional depositary receipts representing shares in the capital of ABN AMRO Group N.V. Following the settlement, the stake of NLFI declined from 77% to 70%. Following the settlement, the STAK AAG holds 30% of the shares in line with the maximum possible under the most restrictive DNO or similar regulatory approvals obtained

at the time of the IPO. For future sell-downs by NFLI, the STAK AAG will need to obtain new DNOs and other regulatory approvals.

The Minister of Finance remains responsible for selling the shares held by NLFI. NLFI's objects therefore exclude disposing of and encumbering the shares, except pursuant to authorization from the Minister of Finance. One of NLFI's objects is to advise the Minister of Finance on the Dutch State's sale of the shares (the "**exit strategy**").

In addition, pursuant to the articles of association of NLFI, the Minister of Finance establishes the conditions for administration and custody of the shares. Any principal and material decisions of NLFI require the prior approval of the Minister of Finance. The Minister of Finance is able to provide binding voting instructions with respect to material and principal decisions.

2.5 Share capital of ABN AMRO Group N.V.

As at 31 December 2016, the authorised share capital of ABN AMRO Group N.V. amounted to EUR 4.7 billion distributed over 4,500,000,000 ordinary shares and 200,000,000 class B ordinary shares.

All shares have a nominal value of EUR 1.00 each and each share entitles the shareholder to one vote per share.

As at 31 December 2016, issued and paid-up capital by ABN AMRO Group N.V. consisted of 940,000,001 ordinary shares (EUR 940 million).

3. MANAGEMENT AND GOVERNANCE

ABN AMRO Group N.V. is a public company with limited liability incorporated on 18 December 2009 under the laws of The Netherlands. The company has a two-tier board governance consisting of a Supervisory Board and Managing Board. As noted above and in this section, the memberships of the Supervisory Boards of ABN AMRO Group and ABN AMRO Bank are the same, as are the memberships of the Managing Boards of ABN AMRO Group and ABN AMRO Bank and the committees of these boards.

3.1 Supervisory Board of ABN AMRO Group N.V. and ABN AMRO Bank N.V.

Responsibilities of the Supervisory Board

ABN AMRO's supervisory board (the "**Supervisory Board**") supervises ABN AMRO's managing board (the "**Managing Board**"), as well as ABN AMRO's general course of affairs and its business. In addition, it is charged with assisting and advising management. In performing their duties, the members of the Supervisory Board are guided by the interests and continuity of ABN AMRO and its enterprise and take into account the relevant interests of ABN AMRO's stakeholders. Specific powers are vested with the Supervisory Board, including the approval of certain resolutions of the Managing Board.

In accordance with the best practice provisions of the Dutch Corporate Governance Code, Supervisory Board members at ABN AMRO are appointed for a maximum of three four-year terms. The current tenures of the members of the Supervisory Board will terminate in accordance with the retirement and reappointment schedule prepared by the Board.

Composition of the Supervisory Board

The following persons are appointed as members of the Supervisory Board, together with an indication of their principal activities outside of ABN AMRO[4]:

[4] Except for their principal functions in ABN AMRO or its subsidiaries, directors' other functions within ABN AMRO or its subsidiaries have not been included. Each member of the Supervisory Board is also member of the Supervisory Board of ABN AMRO Group N.V.

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
Olga Zoutendijk, *Chairman*	1 July 2014	*Last position: Member of the Wholesale Banking global executive committee, Senior Managing Director and Group Head of Wholesale Banking, Asia at Standard Chartered Bank.*	*Supervisory position:* Member of Supervisory Council, Universiteit Leiden
Steven ten Have *Vice-Chairman*	30 March 2010 Reappointed on 10 April 2014 for a period of 4 years	*Current position:* Partner with Ten Have Change Management and full professor of Strategy & Change Management/ Director of the Msc.-programme Change Management at Vrije Universiteit Amsterdam.	*Supervisory position:* Chairman of Supervisory Board, Software Improvement Group (SIG) B.V. *Other positions:*Member of the Education Council of The Netherlands Chairman of Stichting "Center for Evidenced Based Management" Deputy expert member of Ondernemingskamer Gerechtshof Amsterdam (Court of Enterprise at the Amsterdam Court of Appeal)
Arjen Dorland	18 May 2016	*Last position:* Executive Vice President of Technical and Competitive IT, Royal Dutch Shell.	*Supervisory position:* Member of Supervisory Council, Stichting Naturalis Biodiversity Center
Frederieke Leeflang	18 May 2016	*Current position:* Lawyer, Competition and European law at Boekel N.V.	*Supervisory positions:* Member (vice chairperson) of Supervisory Council, Onderwijsstichting Zelfstandige Gymnasia (Educational Foundation of Independent Gymnasia) Member of Supervisory Council, Stichting KWF Kankerbestrijding (Dutch Cancer Society) Member of Audit Advisory Committee of the Dutch Court of Audit (Algemene Rekenkamer) *Other positions:* Chairperson of Advisory Council, Centrum Indicatiestelling Zorg (CIZ, Care Assessment Centre)

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
			Board member of De Amsterdamse Kring Board member (vice chairperson) of Amsterdam Diner Foundation Board member, of Vereniging voor Mededingingsrecht (Association for Competition Law) Various lectureships at the Nederlandse Orde van Advocaten (Dutch Bar Association), Elsevier, Kluwer and OSR
Annemieke Roobeek	30 March 2010 Reappointed on 10 April 2014 for a period of 3 years	*Current position:* Professor of Strategy and Transformation Management at (Nyenrode Business Universiteit) and director and owner of MeetingMoreMinds B.V., owner of Open Dialogue B.V. and co-owner of XL Labs B.V.	*Supervisory positions*: Member of Supervisory Board, Abbott Healthcare Products B.V. Member of Supervisory Board, KLM N.V. *Other positions:* Member of PGGM Advisory Board for Responsible Investment Chairperson of Stichting INSID, Foundation for sustainable innovation & development directed by His Royal Highness Prince Carlos de Bourbon Parme Member "Raad van Eigen Wijzen" CPI Governance Member, International Advisory Board of Howaldt & Co, Hamburg, Germany
Jurgen Stegmann	12 August 2016	*Current position:* Director and owner Stegmanagement B.V. *Last position:* Chief Financial Officer at Robeco Groep N.V.	*Supervisory positions:* Member Supervisory Board, Stichting Woonstad Rotterdam Member Supervisory Board, Janssen de Jong Groep B.V.
Tjalling Tiemstra	18 May 2016	*Current position:* Director and owner, Drs J.S.T. Tiemstra Management Services B.V. *Last position:* Chief Financial Officer of Hagemeyer N.V.	*Supervisory positions:* Member Supervisory Board, DKG Holding B.V. Member Supervisory Board, Stichting Reinier de Graaf HAGA Groep Member Supervisory Board, Batenburg Techniek N.V.

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
			Member Supervisory Board, Royal Haskoning DHV B.V. *Other positions:* Board member, Stichting Continuïteit KBW N.V. (Continuity Foundation Koninklijke Boskalis Westminster) Board member, Stichting Preferente Aandelen (Preference Shares) Wolters Kluwer Board member, Stichting Administratie Kantoor van Aandelen N.V. Twentsche Kabel Holding (Administration Office for Shares) Member Advisory Board, Dienst Uitvoering Onderwijs (DUO) (Education Executive Agency of the Dutch Ministry of Education, Culture and Science Member Monitoringcommissie Code Pensioenfondsen (Monitoring Committee Dutch Pension Funds Code) Member Advisory Board, Court of Justice of Rotterdam Deputy expert member, Ondernemingskamer Gerechtshof Amsterdam (Court of Enterprise at the Amsterdam Court of Appeal) Chairman, Governance, Risk & Compliance Committee of Nederlandse Beroepsorganisatie van Accountants (NBA) (Dutch Institute of Chartered Accountants)

Activities of the Supervisory Board

The Supervisory Board of ABN AMRO has three committees:

Audit Committee

The Audit Committee is tasked with the direct supervision of all matters relating to financial reporting and controlling. In doing so, it is responsible for supervising (and advising the complete Supervisory Board) in respect of, amongst other things, (i) the assessment of the principles of valuation and

determination of results for the financial statements, (ii) internal control and financial reporting functions, (iii) internal and external audit, (iv) risk assessment of issues that could impact the financial reporting, (v) compliance with applicable laws and regulations, (vi) mediation between internal or external auditors and/or management, and (vii) reporting to the Supervisory Board. The committee is composed of Tjalling Tiemstra (Chair), Arjen Dorland, Jurgen Stegmann and Olga Zoutendijk.

Remuneration, Selection & Nomination Committee

The Remuneration, Selection & Nomination Committee is responsible for supervising (and advising the complete Supervisory Board) with regard to, amongst other things, (i) remuneration policies and execution thereof for members of the Managing Board, the Supervisory Board and selected members of senior management, (ii) the selection, appointments and reappointments regarding the Supervisory Board and the Managing Board, (iii) succession plans of the Supervisory Board and the Managing Board, (iv) the knowledge, skills, experience, performance, size, composition and profile of both boards, (v) the performance of the members of both boards, and (vi) reporting on the execution of the remuneration policies through a remuneration report. The committee is composed of Steven ten Have (Chair), Arjen Dorland, Frederieke Leeflang, Annemieke Roobeek and Olga Zoutendijk.

Risk & Capital Committee

The Risk & Capital Committee is responsible for supervising (and advising the complete Supervisory Board) with respect to, amongst other things, (i) risk management and risk control (including pricing policies), (ii) compliance, (iii) the allocation of capital and liquidity, (iv) the bank's risk appetite, (v) compliance with applicable laws and regulations (including codes of conduct and internal procedures), (vi) risk awareness within the bank, (vii) sound remuneration policies and practices in light of risk, capital, liquidity and expected earnings, (viii) proposing corrective and/or disciplinary measures against members of the Managing Board in the event of breach of applicable laws and regulations, and (ix) periodic review of the Group's actual risk profile. The committee is composed of Jurgen Stegmann (Chair), Arjen Dorland, Frederieke Leeflang, Annemieke Roobeek, Tjalling Tiemstra and Olga Zoutendijk.

3.2 Managing Board of ABN AMRO Group N.V. and ABN AMRO Bank N.V.

Responsibilities of the Managing Board

The members of the Managing Board collectively manage ABN AMRO and are responsible for its strategy, structure and performance. In carrying out their duties, the members of the Managing Board are guided by the interests and continuity of ABN AMRO and its businesses taking into due consideration the interests of all of ABN AMRO's stakeholders, such as its clients and employees, its shareholders and society at large. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting. The Managing Board has installed a number of committees that are responsible for decision-making on certain subjects and advising the Managing Board on certain matters.

Managing Board members are appointed for a period of four years and may be reappointed for a term of four years at a time.

Composition of the Managing Board

The following persons are appointed as members of the Managing Board, together with an indication of their principal activities outside of ABN AMRO[5]:

Name	Date of Appointment	Principal activities performed outside ABN AMRO which are significant with respect to ABN AMRO
Kees van Dijkhuizen, *CEO and Chairman*	1 May 2013	*Other positions:* Chairman, Government Committee on Export, Import and Investment Guarantees

[5] Except for their principal functions in ABN AMRO Bank or its subsidiaries, directors' other functions within ABN AMRO Bank or its subsidiaries have not been included. Each member of the Managing Board is also member of the Managing Board of ABN AMRO Group N.V.

Name	Date of Appointment	Principal activities performed outside ABN AMRO which are significant with respect to ABN AMRO
		Member, AFM Capital Market Committee Board Member, Dutch Banking Association
Johan van Hall, *Chief Operating Officer & Vice-Chairman*	18 December 2009 Reappointed on 10 April 2014 for a period of 4 years	*Supervisory positions:* Member of Supervisory Board, equensWorldline (pan-European payment processor) Vice-chairman, Advisory Committee of Centraal Bureau voor de Statistiek CBS (Statistics Netherlands) Member Supervisory Council School, Christelijk Voortgezet Onderwijs Baarn/Soest *Other positions:* Board member, Nyenrode International Advisory Board Member NBA Signaleringsraad (Dutch professional organisation for accountants) Chairman, Stichting ABN "AMRO Support for India"
Wietze Reehoorn, *Chief Risk Officer*	1 April 2010 Reappointed on 10 April 2014 for a period of 4 years	*Supervisory positions:* Member of Supervisory Council, Rijksuniversiteit Groningen Member of Supervisory Board, Stichting Amsterdam Institute of Finance (AIF) Member Supervisory Council, Stichting Topsport Community Member Supervisory Council, Frans Halsmuseum *Other positions:* Board member, Abe Bonnema Stichting

3.3 Conflict of interest and address information

There are no actual or potential conflicts of interest between the duties to ABN AMRO Group N.V. and/or ABN AMRO Bank of the members of the Managing Board and the Supervisory Board set out above and their private interests and/or duties which are of material significance to ABN AMRO Group N.V. and/or ABN AMRO Bank and any of such members.

The business address of the members of the Managing Board and the Supervisory Board is Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

4. OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of ABN AMRO's results of operations and financial condition relates to the Consolidated Annual Financial Statements of ABN AMRO Group N.V. This should be read, subject to the cautionary statements noted in "Risk Factors", in conjunction with the Consolidated Annual Financial Statements of ABN AMRO Group N.V. and the related notes incorporated by reference in this Base Prospectus and other financial information included elsewhere in this Base Prospectus.

Results of operations are presented based on underlying results. Underlying results are non-IFRS measures and have not been audited or reviewed. Management believes these underlying results provide a better understanding of the underlying trends in financial performance. The underlying results have been derived by adjusting the reported results, which are reported in accordance with IFRS, for defined Special Items.

These non-IFRS financial measures are not measures of financial performance under IFRS and should not be considered as an alternative to any IFRS financial measure. In addition, such measures, as defined by ABN AMRO, may not be comparable to other similarly titled measures used by other companies, because the abovementioned non-IFRS financial measures are not uniformly defined and other companies may calculate them in a different manner than ABN AMRO does, limiting their usefulness as comparative measures. ABN AMRO believes that these non-IFRS measures are important in order to understand ABN AMRO's performance and capital position.

The reported results for the years ended as at 31 December 2016, 2015 and 2014 which are included in this Operating and Financial Review are derived from the audited financial statements.

ABN AMRO is organised into Retail Banking, Private Banking, Corporate Banking and Group Functions. Corporate Banking comprises of three business lines: Commercial Clients, International Clients, and Capital Market Solutions. This segmentation was implemented by ABN AMRO during the course of 2014. Currently ABN AMRO is in a state of transition whereby it is amending its segmentation. For more information, please refer to section 1.10 "Recent developments".

The Consolidated Annual Financial Statements of ABN AMRO Group N.V. are presented in euros, which is the presentation currency of ABN AMRO, rounded to the nearest million (unless otherwise noted). Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

4.1 Presentation of Financial Information

Consolidated Annual Financial Statements 2016 and 2015

The Consolidated Annual Financial Statements of ABN AMRO Group N.V. are prepared on the basis of a mixed valuation model as follows:

- Derivative financial instruments are valued at fair value through profit or loss;
- Financial assets and liabilities held for trading or designated as measured at fair value through profit or loss
- Available-for-sale financial assets and investments in associates of a private equity nature are valued at fair value;
- Other financial assets (including loans and receivables) and liabilities are valued at amortised cost less any impairment, if applicable;
- The carrying value of assets and liabilities measured at amortised cost included in a fair value hedge relationship is adjusted with respect to fair value changes resulting from the hedged risk;
- Non-financial assets and liabilities are generally stated at historical cost;
- Associates and joint ventures are accounted for using the net equity method.

The Consolidated Annual Financial Statements of ABN AMRO Group N.V. are prepared on the going concern assumption. The Annual Financial Statements are presented in euros, which is the reporting currency of ABN AMRO, rounded to the nearest million (unless otherwise stated).

Changes in accounting policies 2016

During 2016 ABN AMRO adopted the following amendments and interpretations:

- IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements;
- IAS 1 Presentation of Financial Statements: Disclosure Initiative;
- Annual Improvements to IFRSs 2012-2014 Cycle;
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation;
- IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations.

Implementation of these amendments has no, or no material effect on the Annual Financial Statements of ABN AMRO Group.

New standards, amendments and interpretations not yet effective

The following amendments to IFRSs are issued by the IASB and endorsed by the EU, but are not yet effective. The amendments are required to be applied as from 1 January 2018. Note that only the amendments to IFRSs that are relevant for ABN AMRO are discussed below.

In June 2016 the IASB issued amendments to IFRS 2 Share-based Payments: Classification and Measurement of Share-based Payment Transactions. The issuance consists of three amendments that clarify how to account for certain types of share-based payment transactions. Based on our initial analysis performed the amendments will not have any impact.

IFRS 9 financial instruments was endorsed by the EU in November 2016. This endorsement means that IFRS 9 will apply to ABN AMRO from 1 January 2018 onwards.

IFRS 9 will replace the current standard for recognition and measurement of financial instruments (IAS 39). ABN AMRO is well on its way in implementing IFRS 9. IFRS 9 will have an effect in two areas: classification and measurement of financial instruments and impairment. ABN AMRO has thus far chosen not to apply the IFRS 9 guidance on hedge accounting as this does not cover the majority ABN AMRO's hedging programmes (the so-called macro-hedge).

The impact on the financial statements is expected to be largest for the changes to the impairment model. IFRS 9 replaces the 'incurred loss' model with the 'expected credit loss model' which is designed to be more forward-looking. The result of this forward-looking approach will be higher loan loss impairments and corresponding lower equity. In 2016, ABN AMRO developed the key elements of the IFRS 9 expected loss calculation. Separate IFRS 9 expected loss models have been developed (mainly an expected loss model for instruments valued at amortised cost and an expected loss model for instruments valued at fair value through OCI). The IFRS 9 expected loss model is developed alongside the stress testing methodology and incorporates forward looking information based on the concepts of this methodology. In general, three different scenarios of future economic developments will be incorporated in a probability weighted manner into the IFRS 9 expected loss calculation. These scenarios will be approved by the Scenario and Stress Testing Committee. ABN AMRO has aligned its forward looking scenarios, with those used in the budgeting process. ABN AMRO also made key choices in determining when credit risk of financial assets has increased significantly. The probability of default and certain qualitative triggers will be used to determine if credit risk has increased significantly. Furthermore, in general ABN AMRO will apply backstop of 30 days overdue as a trigger of significantly increased credit risk. Further calibration of these triggers is still needed and ABN AMRO is using an IFRS 9 impact assessment tool to carry out this calibration.

The state of the economy and the related uncertainty at 1 January 2018 is relevant to the impact of IFRS 9 on the CET 1 ratio. With the implementation of IFRS 9, the currently expected loss shortfall of EUR 298

million as reported in fully-loaded CET1 is expected to dampen the impact of IFRS 9. With a fully-loaded CET1 ratio of 17.0%, ABN AMRO feels confident it is sufficiently capitalised for the implementation of IFRS 9. ABN AMRO is in favour of the debate to neutralise the impact of IFRS 9 on CET1 capital and supports the discussions on the development of the regulatory expected loss concept.

In 2016 ABN AMRO finalised its analysis for classification and measurement. Reclassifications of financial instruments are limited and mainly result in a transfer of specific assets from amortised cost measurement to fair value through profit or loss measurement. The impact of these revised classifications on the CET1 ratio is expected to be limited. ABN AMRO has thus far chosen to continue to measure its current available-for-sale bonds portfolio at fair value through equity (other comprehensive income). The reported available-for-sale reserve of EUR 557 million will therefore continue to be reported as part of equity under IFRS 9 and hence will not impact CET1 ratios.

In 2017, ABN AMRO will focus on finalising the interaction of the IFRS 9 impairment model components, finalising the appropriate governance structure going forward, transferring the IFRS 9 implementation from the IFRS 9 project to business as usual and perform a parallel run.

IFRS 15 Revenue from contracts with customers. This new standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. It is effective for annual periods beginning on or after 1 January 2018. ABN AMRO is currently assessing the impact of the new standard.

Offsetting treatment of notional cash pool agreements and bank saving mortgages

As a result of an IFRIC rejection notice of 6 April 2016, ABN AMRO adjusted its accounting policy for offsetting. ABN AMRO offsets balances if it is legally entitled to set off the recognised amounts and intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

The IFRIC rejection notice provides additional offsetting guidance for cash pooling agreements. The adjusted offsetting policy is applied consistently to all assets and liabilities, if applicable. In order to meet the revised offsetting requirements, ABN AMRO adjusted the offsetting procedures for most notional cash pooling agreements throughout 2016. Historic figures have been adjusted accordingly. Some agreements were replaced with alternative arrangements. As a result, notional cash pooling balances that cannot be supported with a settlement of those balances closely after the reporting date are presented gross. At year-end 2016 this resulted in an increase of EUR 1.7 billion in the loans and receivables - customers balance and the due to customers balance (2015: EUR 15.5 billion). The majority of the EUR 13.8 billion decrease in loans and receivables - customers and due to customers over 2016 can be explained by adjusted offsetting procedures.

In addition to the offsetting changes on notional cash pooling, ABN AMRO concluded that offsetting is no longer applied to bank saving mortgages. As a result, bank saving mortgages are presented gross. Historic figures have been adjusted accordingly. This resulted in an increase in the loans and receivables - customers balance and the due to customers balance of EUR 1.8 billion at 31 December 2016 (2015: EUR 1.5 billion).

Changes in accounting policies 2015

In 2015 ABN AMRO adopted the following amendments to IFRS:

IAS 19 Defined Benefit Plans: Employee Contributions. The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for these contributions. The standard became effective on 1 July 2014 and was adopted by the EU on 1 February 2015. The amendments have no significant impact on the Annual Financial Statements.

Annual Improvements to IFRSs 2010-2012 Cycle. This cycle of annual improvements comprises a total of eight amendments related to seven standards. The amendments to IFRS 3 Business Combinations: Accounting for Contingent Consideration in a Business Combination, IFRS 8 Operating Segments: Aggregation of Operating Segments. Reconciliation of the total of reportable segments' assets to the entity's assets, and IFRS 13 Fair Value Measurement: Short-term Receivables and Payables, are the most relevant for ABN AMRO. These amendments have no significant impact on the Annual Financial Statements. The requirements of this set of amendments are to be applied for annual periods beginning on or after 1 July 2014 and were endorsed by the EU on 1 February 2015.

Annual Improvements to IFRSs 2011-2013 Cycle. This cycle of annual improvements consists of amendments to four standards. Two of these are relevant for ABN AMRO. These are the amendments to IFRS 3 Business Combinations: Scope Exceptions for Joint Ventures and IFRS 13 Fair Value Measurement: Scope of Paragraph 52 (portfolio exception). None of these amendments has a significant impact on the Annual Financial Statements. The effective date of this cycle of improvements is 1 July 2014 and the improvements were endorsed by the EU on 1 January 2015.

4.2. Key factors affecting results of operations

Drivers of Profitability

The profitability of ABN AMRO is mainly affected by the following key income and expense drivers as well as loan impairments, as specified below.

Key drivers of operating income

The Group's operating income mainly results from interest-based business and fee and commission-based business.

Interest-based business

Interest-based revenue is the largest contributor to ABN AMRO's operating income generating 73% of total operating income in 2016 and 72% of total operating income in 2015. The Group earns interest (Interest income) on assets such as residential mortgages, consumer loans, commercial loans and other assets. The Group pays interest (Interest expense) on its liabilities to depositors and other creditors. Net interest income is the difference between interest income and interest expenses. In 2016, Retail Banking generated 53% of ABN AMRO's net interest income, Corporate Banking 36% and Private Banking 10%. In 2015, Retail Banking generated 54% of ABN AMRO's net interest income, Corporate Banking 35%, Private Banking 10% and Group Functions 1%.

The Group's net interest income is driven by the combination of the proceeds of lending and the cost of funding (through deposits and wholesale funding). The asset side of the balance sheet is generally less sensitive to changes in interest rates compared to the liability side of the balance sheet. This is due to the fact that a significant proportion of the assets have a longer term fixed interest and maturity whereas liabilities typically have a shorter term or no maturity and variable interest rates, and thus re-price quickly in reaction to a change in market interest rates. Interest increases will therefore initially have a negative effect on net interest income. The net interest income can be analysed by two components: the net interest income generated through business activities and the ALM mismatch result.

Net interest income from business activities comprises the business margin as well as capital[6] and indirect liquidity[7] costs. The business margin is defined as the margin the business makes on granting loans to or taking in deposits from clients as well as interest related fees, for example commitment fees charged on current accounts. The business margin should cover the required return on allocated equity and all remaining operational and risk costs borne by the business. To be able to determine the business margin, the related cost of funding is needed. ALM charges (in case of an asset) or compensates (in case of a liability) the cost of funds to the business, which is done through the funds transfer pricing (FTP) methodology. The Group's policy is that interest rate risk and liquidity risk related to the interest-based business is managed centrally by ALM within Group Functions and that the business is responsible for the business margin. To enable ALM to manage these risks, the risks are transferred from the business to ALM by application of the FTP methodology. This means that these risks taken by the businesses need to be transferred to ALM in order to have a full overview of ABN AMRO's position. The FTP is comprised of an interest base rate (e.g. EURIBOR/LIBOR), based on the interest maturity of the transaction and a liquidity spread, based on the contractual or behavioural maturity of the transaction. Business segments either pay the FTP rate, for loans and other receivables, or receive the FTP rate, for deposits, to ALM. The mismatch in maturities between assets and liabilities is managed centrally by ALM and the resultant

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[6] Capital costs are costs incurred by ALM for maintaining capital buffers on top of equity. These costs are not part of the FTP and are charged lump sum by ALM to the business.

[7] Indirect liquidity costs are costs incurred by ALM for maintaining a liquidity buffer. These costs are not part of the FTP and are charged lump sum by ALM to the business.

interest mismatch position is defined as the interest results recorded in ALM. Generally the steering of the interest mismatch position is done via hedging transactions, with the aim to reduce the sensitivity of the net interest income to future interest rates moves. From time-to-time, ABN AMRO could anticipate future interest rate moves and may try to enhance its interest income by taking certain positions in the swap market, for example.

Fee and commission-based business

The secondary contributor to ABN AMRO's operating income is its fee and commission-based business generating 20% of total Group operating income in 2016 and 22% of total Group operating income in 2015. Fee and commission income can arise as compensation for services provided by ABN AMRO to its clients. This income can arise from transaction services, asset management services, payment services or other services. The profitability of fee and commission-based businesses depends on fees and commissions charged to the client for providing these services and the related fee and commission expenses incurred by ABN AMRO. In 2016, Corporate Banking generated 43% of ABN AMRO's net fee and commission income, Private Banking 33%, Retail Banking 27% and Group Functions -3%. In 2015, Corporate Banking generated 41% of ABN AMRO's net fee and commission income, Private Banking 34%, Retail Banking 29% and Group Functions -4%.

Within ABN AMRO the main fee contributors are:

1. *Transaction fees on securities*

Transaction fees on securities are fees charged to clients for executing buying or selling securities by order of clients. The majority of these transaction fees on securities arises from ABN AMRO's Clearing activities and Private Banking.

2. *Payment services fees*

Payment services fees are generated from providing payment products and services to clients. These concern products and services facilitating efficient payment transactions, such as debit and credit cards, acceptance of cash and non-cash payments (e.g. cheque), granting of bank guarantees, and the offering of bank accounts. This type of fees arises mainly from Retail Banking and Corporate Banking Clients.

3. *Asset Management fees*

Asset Management fees arise mainly from discretionary portfolio management, where the client hands over all assets to be managed by ABN AMRO, and investment advisory, where ABN AMRO advises the client on how to manage his or her assets. The main contributor to asset management fees come from Private Banking:

- Discretionary portfolio management fees are generated from an all-in fee. An all-in fee means that no additional charges are levied on top of the fee paid for the investment services. The fee is a fixed percentage over the asset value. The percentage is based on the total asset value of the client and the risk profile of the client.

- Investment advisory fees arise from either an all-in fee or an advice fee. The main difference between all-in fee and advice fee is that transaction costs are included in the all-in fee and are charged separately as a transaction fee in the latter.

4. *Guarantees and commitment fees*

A guarantee given by ABN AMRO is mainly paid for by a one-off percentage of the guaranteed limit. A commitment fee is the pricing of the unutilized portion of a credit facility. These type of fees arise predominantly in Corporate Banking.

Fees and commissions are impacted by economic developments in general (i.e., fewer payments and less guarantees fees as a result of lower economic activity) and the performance of securities markets in particular (lower number and volume of transactions resulting in less transaction and asset management fees). Transaction fees also benefit from volatility, even if markets go down.

Key drivers of operating expenses

Personnel expenses

Banking is a human capital intensive business, as it is, for an important part, a relationship driven business with increasing compliance and risk management requirements. Therefore, personnel expenses contribute significantly to ABN AMRO's expenses and amounted to 49% of the Group's operating expenses in 2016 and 48% of the Group's operating expenses in 2015. This means that ABN AMRO is dependent on conditions and trends in local labour markets, primarily the Dutch market. Personnel expenses comprise of all expenses related to personnel on the payroll of ABN AMRO and consists of fixed salary, employer social security charges, employee benefits (e.g. pension premiums, jubilee benefits) and variable remuneration. Expenses related to personnel not on ABN AMRO's payroll, such as external consultants and temporary staff, are included in general and administrative expenses.

The majority of the Group's personnel expenses consist of salaries and wages in addition to pension expenses.

General and administrative expenses

Financial services companies typically have relatively large fixed operating costs related to automated product and transaction systems, that bear little to no direct relationship with the business volume. This means that an increase in the business volume may not be fully translated into expense growth, and vice versa. Expense savings mainly comes from the periodic improvement of the efficiency of administrative processes and systems.

The majority of General and administrative expenses relate to information technology followed by agency staff, contractors and consultancy costs. General and administrative expenses amounted to 47% of the ABN AMRO's operating expenses in 2016 and 49% of the ABN AMRO's operating expenses in 2015.

Regulatory charges have increased significantly in the period under review and are expected to increase further. Regulatory charges are all expenses directly charged by regulatory or supervisory institutions to ABN AMRO (see also "*Key Factors Affecting Financial Condition and Results of Operations"* and "*Regulatory Developments*" below). Regulatory charges mainly comprise of:

Bank tax

Following the 2008 financial crisis, several countries introduced additional charges to the financial services industry. These charges are commonly known as bank taxes. Bank taxes are paid to local tax authorities. The amount of Dutch Bank tax to be paid is based upon the preceding December adjusted IFRS consolidated balance sheet total of ABN AMRO. In addition to the Dutch Bank tax, ABN AMRO is liable to bank taxes in several other jurisdictions.

As from 2015 and beyond, the following additional regulatory charges are charged to ABN AMRO:

Deposit Guarantee Scheme

As of 1 July 2015, banks gathering guaranteed deposits under a Dutch banking license are required by law to fund the Dutch Deposit Guarantee Scheme. The contributions are based on the level of deposits guaranteed and the risk profile of ABN AMRO, as determined by the regulator. The contribution of ABN AMRO to the Dutch Deposit Guarantee Schema have to be paid quarterly. The Group is also subject to several deposit guarantee schemes outside the Netherlands. For countries other than the Netherlands, the contributions and terms and conditions can differ from the Dutch Deposit Guarantee Scheme.

National Resolution Fund and Single Resolution Fund

The Group has made contributions to the National Resolution Funds in 2015 and has made contributions to the Single Resolution Fund as of 1 January 2016. For further information, please see "*Risk Factors - Proposals for resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*." and "*Issuer – 1. ABN AMRO BANK N.V. – 1.7 Regulation under Banking Union*". Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects.

The terms and conditions for the contributions to the Funds as mentioned above can vary in different countries or regions.

European Central Bank

As of 4 November 2014 the European Central Bank assumed supervisory oversight of ABN AMRO in a joint supervisory team with the Dutch Central Bank. Since 2015 onwards, ABN AMRO has been required to pay a yearly contribution for this supervision. In addition to the abovementioned regulatory charges, ABN AMRO has seen an increase of costs related to implementation and compliance with new regulations.

Key drivers of impairment charges on loans and other receivables

The Group's results of operations are also affected by the level of impairment charges on loans and other receivables. These impairment charges result from changes in the quality of assets, in particular in Retail Banking and Corporate Banking. The quality of assets are impacted by the economic developments in general and the housing market in particular, as the mortgage portfolio counts for more than 55% of ABN AMRO's loan book (as defined by total loans and receivables - customers) for the year ended 31 December 2016. Impairment charges on loans and other receivables are closely related to the interest-based business, as it is based on credit risk and compensation for credit risk is charged to the client as part of the business margin on interest-earning assets.

Key Factors Affecting Financial Condition and Results of Operations

The Group's business and performance, including its results of operations, are affected by Dutch, European and global economic and market conditions and future economic prospects, particularly in the Netherlands in which ABN AMRO's operating income is predominantly generated (80% for the year ended 31 December 2016 based on underlying results).

The Group's operations are also affected by the developments in the Dutch housing and mortgage market with 37% of total assets of ABN AMRO for the year ended 31 December 2016 consisting of residential mortgages. Finally, regulatory developments in Europe and the Netherlands have also had an impact on ABN AMRO's financial results and are expected to continue to affect the results of ABN AMRO in the near future.

Economic developments

The US economy strengthened during 2016 as the energy sector stabilised and there was a positive inventory cycle in the manufacturing sector. The Chinese economy also stabilized in 2016, in part due to fiscal stimulus. Global financial markets improved significantly towards the end of 2016, although the volatility of financial markets in 2016 was evidenced by the fluctuations in the Amsterdam Exchange index, moving between 383 and 482. Nevertheless, the improvement of financial markets in the latter half of 2016 suggested that markets were not greatly affected by the unexpected political unrest of 2016 (e.g. Brexit, US elections, Italian referendum).

The European Central Bank maintained a highly relaxed monetary policy in 2016. By contrast, the US Federal Reserve raised its federal funds rate by 25 basis points in December 2016.[8] Inflation in the US was still low, but the job market improved considerably. The Eurozone had fewer instances of domestic inflation, in part due to poor growth. Separately, yields in the capital markets rose in the Eurozone in the final months of the year under the influence of rising interest rates in the US.

The Dutch economy grew by 2.1% in 2016, as compared to growth of 1.9% in 2015. Both years saw growth in all areas of spending and Dutch exports performed well despite more modest growth in global trade. Fixed investment rose significantly, mainly because residential construction activity continued to increase sharply as a result of the continued recovery of the housing market. Corporate investment rose more than 4% in 2016. Household consumption rose by approximately 1.5% due in part to significant improvements in purchasing power and an increase in the number of employed people in 2016.[9]

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[8] https://www.federalreserve.gov/monetarypolicy/openmarket.htm

[9] Thomson Reuters Datastream.

The housing market continued its positive resurgence in 2016. The number of homes sold was 20%[10] higher in 2016 than it was in 2015. This growth was experienced in all provinces of the Netherlands and in several larger cities there were signs that demand was outpacing supply. National house prices rose by almost 7% between December 2015 and December 2016. At the end of 2016, the national price level was 14% higher than the low point in 2013. However, it was still 11% below the peak point in 2008. The steady decline in the number of homes for sale indicates an intensifying housing shortage. Low mortgage interest rates are largely responsible for this spike in demand and subsequent shortage but other factors that contributed to the increase in national house prices include macro-economic growth as well as backlog demand and rent increases of recent years.

The amount of outstanding loans to Dutch businesses by banks in the Netherlands has shrunk continuously since July 2013, perhaps due to large companies' preference for issuing bonds over borrowing on bank credit. The pace of the decline of total outstanding bank loans to businesses diminished during 2016. On the other hand, mortgage lending to households by banks has hovered around zero growth for the past three years. In this market, the market share of institutional investors has increased substantially.

Regulatory developments

For further information on ABN AMRO's regulatory environment and a number of specific regulatory initiatives and frameworks that can have a significant impact on ABN AMRO's business, financial condition and results of operations, please see "*Issuer – 1. ABN AMRO BANK N.V. – 1.7 Regulation*".

4.3 Explanation of key income statement items

Operating income

Operating income includes net interest income, net fee and commission income and other operating income.

Net interest income

ABN AMRO applies IAS 39 Financial Instruments: Recognition and Measurement. Interest income and expenses are recognised in the income statement on an accrual basis for all financial instruments using the effective interest rate method except for those financial instruments held for trading. The effective interest rate method allocates interest, amortisation of any discount or premium or other differences, including transaction costs and qualifying fees and commissions over the expected lives of the assets and liabilities. The effective interest rate method requires the Group to estimate future cash flows, in some cases based on its experience of customer behaviour, considering all contractual terms of the financial instrument, as well as expected lives of the assets and liabilities. Due to the large number of products, there are no individual estimates that are material to ABN AMRO's results or financial position. Interest income and expenses of trading balances are included in net trading income.

Net fee and commission income

ABN AMRO applies IAS 18 Revenue. Fees and commissions are recognised as the services are provided. The following fee types are identified:

- Service fees are recognised on a straight line basis over the service contract period; portfolio and other management advisory and service fees are recognised based on the applicable service contracts;
- Fees arising from negotiating or participating in the negotiation of a transaction for a third party are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete. Loan syndication fees are recognised as revenue when the syndication has been completed.

[10] Dutch Land Registry (*Kadaster*).

Fees and commissions dependent on the outcome of a particular event or contingent upon performance are recognised when the following criteria have been met:

- The fees are realised, or realisable and earned;
- The earnings process is completed by performing according to the terms of the arrangements, not simply by originating a revenue-generating arrangement;
- If services are rendered or rights to use assets extend continuously over time (for example, interest or rent), and when reliable measures based on contractual prices established in advance are commonly available, revenues may be recognised as time passes.

Other operating income

Other operating income comprises net trading income, results from financial transactions, share of result in equity accounted investments and other income. Withholding taxes are included in trading income.

Net trading income

In accordance with IAS 39, trading positions are held at fair value and net trading income includes gains and losses arising from changes in the fair value of financial assets and liabilities which are trading financial assets and liabilities, interest income and expenses related to trading financial assets and liabilities, dividends received from trading instruments and related funding costs. Dividend income from trading instruments is recognised when entitlement is established. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads and changes in own credit spreads where these impact the value of our trading liabilities. The funding value adjustment incorporates the incremental cost of funding into the valuation of uncollateralised and partly collateralised derivatives.

Share of result in equity accounted investments

Share of result in equity accounted investments comprises ABN AMRO's share of the profit or loss of equity accounted investments.

Other income

Other income includes all other banking activities such as leasing activities and results on the disposal of assets. It also includes the change in fair value of derivatives used for risk management purposes that do not meet the requirements of IAS 39 for hedge accounting, ineffectiveness of hedging programmes, fair value changes relating to assets and liabilities designated at fair value through profit or loss, and changes in the value of any related derivatives. For liabilities designated at fair value through profit or loss, it includes changes in own credit spreads. Dividend income from non-trading equity investments is recognised when entitlement is established.

Operating expenses

Operating expenses include personnel expenses, general and administrative expenses and depreciation and amortization of tangible and intangible assets.

Personnel expenses

Salaries and wages, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate.

Other expenses

Other expenses comprises general and administrative expenses and depreciation and amortisation of tangible and intangible assets. General and administrative expenses includes, among other items, agency staff, contractors, consultancy, staff related, IT, housing, post, telephone, transportation and marketing costs. Regulatory charges, including Dutch bank tax is also included in general and administrative expenses. Depreciation and amortization of tangible and intangible assets includes depreciation on tangible assets, amortisation on intangible assets and impairment losses on tangible and intangible assets.

Operating result

Result from operating activities, defined as the net result of operating income and operating expenses.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables consist of impairment losses on loans and other receivables. These impairment losses are defined as the difference between the carrying amount of a loan classified as impaired and the present value of estimated future cash flows on the loan. Impairment losses on property and equipment, goodwill and other intangible assets, are not included under impairment charges on loans and other receivables but recognised in the income statement as depreciation and amortisation expense. For more information regarding impairment charges, please see "*Annual Report 2016 – Risk, funding & capital – Risk & capital management – Credit risk management*".

Operating profit/(loss) before taxation

The profit or loss before tax is defined as the operating result less impairment charges on loans and other receivables.

Income tax expense

ABN AMRO is subject to income taxes in numerous jurisdictions. Income tax expense consists of current and deferred tax. Income tax is recognised in the income statement in the period in which profits arise.

Profit/(loss) for the period

Profit or loss for the period is defined as the profit or loss before tax less income tax expenses or credit.

4.4 Results of operations for the years ended 31 December 2016 and 2015

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported in accordance with IFRS for defined Special Items, discussed below. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in financial performance as compared to results that have been prepared in accordance with IFRS. The tables below shows a reconciliation of ABN AMRO's reported and underlying results of operations for the years ended 31 December 2016 and 31 December 2015. Underlying results are non-IFRS measures and have not been audited.

Reconciliation of Reported to Underlying Results

	Year ended 31 December					
	2016			2015		
	Reported	Special items	Underlying	Reported	Special items	Underlying
			(in millions of euros)			
Net interest income	6,267	-10	6,277	6,076	–	6,076
Net fee and commission income	1,743		1,743	1,829	–	1,829
Other operating income	217	-351	568	550	–	550
Operating income	*8,227*	*-361*	*8,558*	*8,455*	–	*8,455*
Personnel expenses	2,777		2,777	2,492	-	2,492
Other expenses	2,880		2,880	2,736	-	2,736
Operating expenses	5,657		5,657	5,228	-	5,228
Operating result	***2,570***	***-361***	***2,931***	***3,227***	-	***3,227***
Impairment charges on loans and other receivables	114		114	505	–	505
Operating profit/(loss) before taxation	***2,***456	***-361***	2,817	***2,722***	-	***2,722***
Income tax expense	650	-90	740	798	-	798
Profit/(loss) for the period	**1,806**	**-271**	**2,076**	**1,924**	-	**1,924**

Impact of Special Items

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Operating income		
SME derivatives	-361	
Total impact on Operating income	*-361*	
Operating expenses	—	
Total impact on Operating expenses	—	
Total impact on Loan impairments		
Loan impairments		
Total impact on income tax expense	**-90**	
Total impact on result for the period	**-271**	

Selected consolidated Financial Information

The table below summarizes the Group's results of operations on an underlying basis for the years ended 31 December 2016 and 31 December 2015.

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	6,277	6,076
Net fee and commission income	1,743	1,829
Other operating income	568	550
Operating income	*8,588*	*8,455*
Personnel expenses	2,777	2,492
Other expenses	2,880	2,736
Operating expenses	5,657	5,228
Operating result	***2,931***	***3,227***
Impairment charges on loans and other receivables	114	505
Operating profit/(loss) before taxation	***2,817***	***2,722***
Income tax expense	740	798
Underlying profit/(loss) for the period	**2,076**	**1,924**
Special items	**-271**	-
Reported profit/(loss) for the period	***1,806***	***1,924***
Of which Non-controlling interests	**1**	5

	Year ended 31 December	
	2016	**2015**
Net interest margin (NIM) (in bps) [(1)]	152	146
Underlying cost/income ratio	65.9%	61.8%
Underlying cost of risk (in bps) [(1)(2)]	4	19
Underlying return on average Equity[(3)]	11.8%	12.0%
Underlying earnings per share (in EUR)[(4)]	2.16	2.03

	Year ended 31 December	
	2016	**2015**
Client Assets[(5)] (in billions)	322.7	313.5
FTEs	21,664	22,048

(1) For management view purposes, the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

(2) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

(3) Underlying profit for the period excluding reserved coupons for AT 1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.

(4) Underlying profit for the period excluding reserved coupons for AT 1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

(5) Clients Assets consist of assets including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of maximising the investment result. Client Assets also include cash and securities of clients held on accounts with ABN AMRO.

Underlying profit/(loss) for the period

ABN AMRO's underlying profit for 2016 was EUR 2,076 million, an increase of EUR 152 million compared with 2015. Significantly lower impairment charges and higher operating income were partly offset by higher expenses, mainly related to restructuring provisions in Q3 and Q4 2016.

Reported profit/(loss) for the period

Reported profit for 2016 amounted to EUR 1,806 million and includes an addition to the provision for SME derivatives related issues of EUR 271 million net of tax, recorded in Q2 2016. The difference between underlying and reported results is shown in the table Reconciliation from underlying to reported results.

In December 2016 a final version of the settlement for SME derivatives-related issues was presented by the committee of independent experts. A new element in the Uniform Recovery Framework is that all files and client compensation proposals must be reviewed by independent external parties. This additional review will lead to higher-than-expected execution costs for which we recorded a provision of EUR 55 million in 2016 (in other expenses of Corporate Banking). In addition, the existing provision for compensation has been increased throughout 2016 by EUR 35 million (EUR 10 million in net interest income and EUR 25 million in other operating income of Corporate Banking). The total provision for compensation for SME derivatives-related issues taken in 2015 and 2016 amounts to EUR 520 million. This was recorded primarily in other operating income and, to a lesser extent, Net interest income. In Q2 2016, the addition to the provision of EUR 361 million was classified as a special item. This provision was taken based on ABN AMRO's decision to adhere to the Uniform Recovery Framework.

International Card Services (ICS), the credit card business of ABN AMRO, has identified certain issues in its credit lending portfolio. A number of clients were given a credit facility above their lending capacity. This has been reported to the AFM, and the clients who were affected will be compensated. A provision of EUR 47 million was recorded in Q4 2016 (in net interest income). In addition to the compensation, a provision of EUR 16 million has been recorded (in other expenses) for execution costs. ICS is part of Retail Banking.

The underlying return on equity (ROE) decreased slightly to 11.8% in 2016 as compared with 12.0% in 2015; 2016 included higher restructuring costs as well as lower impairments.

Operating income

Operating income was EUR 8,588 million in 2016 compared with EUR 8,455 million in 2015. The increase in net interest income was partly offset by lower net fee and commission income.

Net interest income

Net interest income went up by EUR 201 million to EUR 6,277 million in 2016. The increase was recorded in all business segments and was primarily due to improved margins on residential mortgages, corporate loans and deposits (as well as higher volumes). Moreover, 2016 was not impacted as strongly by negative incidental items as 2015 was. Consumer loans saw lower volumes and margins.

Net fee and commission income

Net fee and commission income, at EUR 1,743 million in 2016, was EUR 86 million lower than in 2015. This was mainly related to uncertainty and volatility in the financial markets which negatively impacted Private Banking in particular and, to a lesser extent, Retail Banking. The decline in fee income at Retail Banking was also caused by a reduction of client rates for payment packages in 2016.

Other operating income

Other operating income came to EUR 568 million in 2016, up from EUR 550 million in 2015. This was partly due to book profits/revaluation gains on stakes in Visa Europe (EUR 116 million) and Equens (EUR 52 million). Both years included provisions for SME derivatives-related issues as well as tax-exempt provisions related to the part of securities financing activities discontinued in 2009. CVA/DVA/FVA results (EUR 2 million negative in 2016 versus EUR 76 million positive in 2015), Equity Participations results (EUR 13 million in 2016 versus EUR 98 million in 2015) and hedge accounting-related results (EUR 39 million in 2016 versus EUR 182 million in 2015) were all lower.

Personnel expenses

Personnel expenses were EUR 2,777 million in 2016 an increase of EUR 285 million compared with 2015. The increase was due to EUR 321 million of restructuring provisions related to the announced reorganisation of the control and support activities (Q3 2016) and digitalisation and process optimisation (Q4 2016). This was partly offset by several smaller restructuring provisions recorded in 2015.

Other expenses

Other expenses rose by EUR 144 million to EUR 2,880 million in 2016. The increase was partly related to EUR 33 million higher regulatory levies booked in 2016. Regulatory levies amounted to a total of EUR 253 million in 2016 consisting of EUR 66 million for the Single Resolution Fund (including a EUR 32 million refund on the 2015 payment), EUR 98 million for the bank tax and EUR 90 million for the Deposit Guarantee Scheme. A total of approximately EUR 295 million of regulatory levies is expected for 2017.

Excluding regulatory levies, other expenses increased by EUR 111 million. The increase was largely due to provisions for SME derivatives-related issues (EUR 55 million), ICS (EUR 16 million) and restructuring provision for office space (EUR 27 million). This was partly offset by strict cost control and the favourable settlement of an insurance claim at Private Banking (EUR 24 million).

Last year included a EUR 35 million favourable release related to DSB and a VAT return, partly offset by a final settlement (EUR 55 million) with Vestia (a Dutch housing corporation).

Operating result

The operating result decreased by EUR 296 million compared with 2015 and the cost/income ratio deteriorated by 4.1 percentage points to 65.9% in 2016 from 61.8% in 2015. Excluding the EUR 348 million restructuring provisions related to the cost saving initiatives the underlying cost/income ratio ended at 61.8%, which is similar to 2015.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables were EUR 114 million in 2016 compared with EUR 505 million in 2015. Continued improvement of economic conditions in the Netherlands resulted in EUR 210 million lower additions and EUR 185 million higher releases of impairments previously taken. Both years recorded significant IBNI releases. Impairment charges on residential mortgages were limited in 2016 but higher than in 2015 due to considerable IBNI releases in 2015. The cost of risk for mortgages was 4bps in 2016. Impairment charges on corporate loans decreased in 2016. Commercial Clients recorded releases while International Clients had higher impairment charges, mainly in ECT Clients (EUR 209 million in 2016 versus EUR 128 million in 2015).

The cost of risk

The cost of risk was 4 bps in 2016, down from 19 bps in 2015.

Income tax expenses

The effective tax rate in 2016 was 26% versus 29% in 2015. The effective tax rate in 2015 was negatively impacted by a reassessment of our tax position.

Selected Consolidated Balance Sheet Movements

	As at 31 December	
	2016	**2015**
	(in millions of euros)	
Assets:		
Cash and balances at central banks	21,861	26,195
Financial assets held for trading	1,607	1,706
Derivatives	14,384	19,138
Financial investments	45,497	40,542
Securities financing[1]	17,589	20,062
Loans and receivables – banks	13,485	15,680
Loans and receivables – customers[2]	267,679	276,375
Other	12,380	7,676
Total assets[2]	**394,482**	**407,373**
Liabilities:		
Financial liabilities held for trading	791	459
Derivatives	14,526	22,425
Securities financing[1]	11,625	11,372
Due to banks	13,419	14,630
Due to customers[2]	228,758	247,353
Issued debt	81,278	76,207
Subordinated liabilities	11,171	9,708
Other	13,976	7,635
Total liabilities[2]	*375,544*	*389,789*
Equity:		
Equity attributable to owners of the parent company	17,939	16,575
Capital securities	993	993
Equity attributable to non-controlling interests	5	17
Total equity[2]	*18,937*	*17,584*
Total liabilities and equity[2]	**394,482**	**407,373**
Committed credit facilities	27,299	21,559
Guarantees and other commitments	15,873	13,868

(1) Securities financing consists of securities borrowing and lending and sale and repurchase transactions.

(2) These figures have been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

Total assets

Total assets decreased by EUR 12.9 billion to EUR 394.5 billion at 31 December 2016 from EUR 407.4 billion at 31 December 2015. Excluding netting adjustments, total assets increased by EUR 0.7 billion. This was mainly due to an increase in loans and receivables - customers and financial investments, partly offset by lower derivative assets and cash and balances with central banks.

Cash and balances at central banks

Cash and balances at central banks decreased by EUR 4.3 billion to EUR 21.9 billion at 31 December 2016 from EUR 26.2 billion at 31 December 2015. This reflected a shift to financial investments (higher yields).

Financial assets held for trading

Financial assets held for trading decreased to EUR 1.6 billion at 31 December 2016 from EUR 1.7 billion at 31 December 2015.

Derivative assets

Derivatives decreased by EUR 4.8 billion to EUR 14.4 billion (of which EUR 11.5 billion trading and EUR 2.9 billion non-trading) at 31 December 2016 from EUR 19.1 billion at 31 December 2015 on the back of mid- to long-term interest rate movements impacting the fair value of derivatives. This is also observed in derivative liabilities.

Financial investments

Financial investments increased by EUR 5.0 billion to EUR 45.5 billion at 31 December 2016 from EUR 40.5 billion at 31 December 2015. After a period of lack of new short-term bonds with a yield higher than the overnight ECB deposit rate, a shift from cash into financial investments took place as of March 2016.

Securities financing

Securities financing decreased by EUR 2.5 billion to EUR 17.6 billion at 31 December 2016 from EUR 20.1 billion at 31 December 2015.

Loans and receivables – banks

Loans and receivables – banks decreased by EUR 2.2 billion to EUR 13.5 billion at 31 December 2016 from EUR 15.7 billion at 31 December 2015.

Loans and receivables – customers

Loans and receivables – customers decreased by EUR 8.7 billion to EUR 267.7 billion at 31 December 2016 compared to EUR 276.4 billion at 31 December 2015. Excluding netting adjustments, loans and receivables – customers increased by EUR 4.9 billion. Following the announcement in December on the intended sale of private banking activities in Asia and the Middle East,

these client assets are classified as held for sale (other assets). This has an impact on client loans (loans and receivables - customers) of EUR 3.4 billion negative (EUR 1.6 billion negative consumer loans and EUR 1.8 billion negative corporate loans) at 31 December 2016. All further remarks are based on the table below (excluding netting adjustments, including the held for sale reclassification).

Residential mortgages increased by EUR 0.5 billion. New mortgage production grew on the back of low mortgage interest rates, insufficient residential construction activity and more favourable economic conditions in the Netherlands. The market share in new production increased to 21.9%[11] (2015: 19.9%). Other redemptions remained high due to refinancing and relocation. Low interest rates on savings and enhanced awareness among homeowners of the possibility of residual debt are still incentives for extra repayments. Consumer loans decreased by EUR 2.6 billion to EUR 12.5 billion at 31 December 2016, of which EUR 1.6 billion outflow related to the reclassification of the private banking activities in Asia and the Middle East, compared to EUR 15.1 billion at 31 December 2015.

Corporate loans to clients (excluding netting adjustments) increased by EUR 4.4 billion to EUR 82.6 billion at 31 December 2016 compared to EUR 78.2 billion at 31 December 2015, largely due to an increase in loans at International Clients (mainly ECT Clients). Growth over 2016, especially in the fourth quarter, was supported by an increase in oil prices, leading to higher utilisation of credit lines for commodity clients, and the strengthening of the US dollar.

Other assets

Other assets increased by EUR 4.7 billion to EUR 12.4 billion following the held for sale reclassification.

Loans and receivables – customers

	As at 31 December	
	2016	**2015**
	(in millions of euros)	
Residential mortgages[(1)]	147,472	146,932
Consumer loans	12,539	15,147
Corporate loans to clients (excluding netting adjustment) [(1) (2)]	82,640	78,195
Total client loans (excluding netting adjustment) [(1) (3)]	*242,651*	*240,274*
Netting adjustment	3,505	17,056
Total client loans[(3)]	246,156	257,330
Loans to professional counterparties	12,947	12,194

[11] Dutch Land Registry (*Kadaster*)

	As at 31 December	
	2016	**2015**
	(in millions of euros)	
Other loans[4]	7,448	6,356
Total loans and receivables[2]	*266,551*	*275,881*
Fair value adjustments from hedge accounting	4,794	4,850
Less: loan impairment allowance	3,666	4,355
Total loans and receivables – customers	**267,679**	**276,375**

(1) For management view purposes, the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".
(2) Corporate loans excluding loans to professional counterparties
(3) Gross carrying amount excluding fair value adjustment from hedge accounting.
(4) Other loans consists of loans and receivables to government, official institutions and financial markets parties.

Total liabilities

Total liabilities decreased by EUR 14.2 billion to EUR 375.5 billion at 31 December 2016 compared with EUR 389.8 billion at 31 December 2015. Excluding netting adjustments, total liabilities decreased by EUR 0.7 billion. The decrease in due to customers and derivatives was partly offset by higher issued debt and other liabilities.

Financial liabilities held for trading

Financial liabilities held for trading increased by EUR 332 million to EUR 791 million at 31 December 2016 from EUR 459 million at 31 December 2015.

Derivative liabilities

Derivatives decreased by EUR 7.9 billion to EUR 14.5 billion (of which EUR 9.5 billion trading and EUR 5.0 billion non-trading) at 31 December 2016 from EUR 22.4 billion at 31 December 2015. This was caused by mid- to long-term interest and FX rates movements impacting the valuation of derivatives. This is also observed in derivative assets.

Securities financing

Securities financing increased by EUR 0.2 billion to EUR 11.6 billion at 31 December 2016 from EUR 11.4 billion at 31 December 2015.

Due to banks

Due to banks decreased by EUR 1.2 billion to EUR 13.4 billion at 31 December 2016 from EUR 14.6 billion at 31 December 2015.

Due to customers

Due to customers decreased by EUR 18.6 billion to EUR 228.8 billion at 31 December 2016 from EUR 247.4 billion at 31 December 2015. Excluding netting adjustments, Due to customers decreased by EUR 5.0 billion to EUR 225.3 billion. A decline was recorded at Private Banking, largely due to a reclassification of the private banking activities in Asia and the Middle East to other liabilities, that impacted due to customers by EUR 5.7 billion negative. Due to customers at Corporate Banking decreased by EUR 2.2 billion, partly due to charging negative rates to a wider range of clients compared with 2015. Furthermore, due to customers at Corporate Banking is more volatile by nature due to third-party banking clients. Both were partly offset by an increase in due to customers at Retail Banking of EUR 2.3 billion, partly related to an increase in deposits at MoneYou.

Due to customers

	As at 31 December	
	2016	**2015**
	(in millions of euros)	
Retail Banking[1]	100,967	98,674
Private Banking	61,825	66,465
Corporate Banking[1]	60,653	62,850
Group Functions	1,808	2,308
Total Due to customers (excluding netting adjustment) [1]	***225,253***	***230,296***
Netting adjustment	3,505	17,056
Total Due to customers	**228,758**	**247,353**

(1) For management view purposes, the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

Issued debt

Issued debt increased by EUR 5.1 billion to EUR 81.3 billion at 31 December 2016 compared with EUR 76.2 billion at 31 December 2015 as short-term funding increased, partly offset by lower long-term funding.

Subordinated liabilities

Subordinated liabilities increased by EUR 1.5 billion to EUR 11.2 billion at 31 December 2016 from EUR 9.7 billion at 31 December 2015 as a result of three Tier 2 capital issuances of in total EUR 2.4 billion in 2016.

Total equity

Total equity increased by EUR 1.4 billion to EUR 18.9 billion at 31 December 2016 as compared with EUR 17.6 billion at 31 December 2015 mainly due to the inclusion of reported profit for 2016, partly offset by dividend payments.

Results of Operations by Segment for the Years Ended 31 December 2016 and 2015

The sections below summarises ABN AMRO's results of operations by segment for the years ended 31 December 2016 and 31 December 2015.

Retail Banking

Retail Banking renders services to approximately five million retail clients with investable assets up to EUR 500,000 and approximately 300,000 small businesses in the Netherlands with an annual turnover up to EUR 1 million. Retail Banking provides a full range of transparent retail banking products and high-quality services under the ABN AMRO brand, as well as certain specific products and services under different labels. It offers its products and services via multi-channel distribution with broad physical and digital coverage.

The table below summarises the Retail Banking segment's results for the years ended 31 December 2016 and 31 December 2015.

Retail Banking: Selected Financial Information

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	3,355	3,302
Net fee and commission income	463	527
Other operating income	140	25
Operating income	*3,959*	*3,853*
Personnel expenses	470	487

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Other expenses	1,741	1,619
Operating expenses	2,211	2,106
Operating result	***1,747***	***1,748***
Impairment charges on loans and other receivables	79	99
Operating profit/(loss) before taxation	***1,669***	***1,649***
Income tax expense	422	423
Underlying profit/(loss) for the period	**1,247**	**1,226**
Special items		–
Reported profit/(loss) for the period	**1,247**	**1,226**

	Year ended 31 December	
	2016	**2015**
Underlying cost/income ratio	55.9%	54.6%
Underlying cost of risk[1,2] (in bps)	5	6

(1) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

(2) For management view purposes, the historical periods before 31 December 2016 have **not** been adjusted for the revised accounting relating to the netting.

	Year ended 31 December	
	2016	**2015**
Loan-to-Deposit ratio[1]	152%	152%
Loans and receivables – customers (excluding netting adjustment, in billions) [1]	154.5	154.2
Due to customers (excluding netting adjustment, in billions) [1]	101.0	98.7
Risk-weighted assets (risk exposure amount; in billions)	31.8	34.8
FTEs (in bps)	5,266	5,844

(1) For management view purposes, the historical periods before 31 December 2016 have **not** been adjusted for the revised accounting relating to the netting.

Underlying profit/(loss) for the period

Retail Banking's underlying profit increased by EUR 21 million to EUR 1,247 million in 2016. This increase was mainly the result of the gain on the sale of Visa Europe and lower impairment charges, partly offset by higher regulatory levies and higher (allocated) project costs related to the continuous improvement of products, services and IT processes (including the Retail Digitalisation programme).

Net interest income

Net interest income increased by EUR 53 million to EUR 3,355 million in 2016 as compared with 2015. This improvement can largely be attributed to a provision for inconsistencies in interest calculations between ABN AMRO and its business partners regarding one of the mortgage products which was booked in 2015 (EUR 29 million) and partly released in 2016. Net interest income in 2016 was negatively impacted by a provision for ICS (EUR 47 million) while 2015 included a provision for Euribor mortgages (EUR 41 million).

Margins on residential mortgages continued to improve in 2016 as the impact of repricing of the mortgage book in recent years continued to benefit net interest income. Net interest income on consumer loans decreased due to lower average loan volumes and decreased margins. Net interest income on deposits increased compared with 2015 due to higher margins and higher average deposit volumes.

Net fee and commission income

Net fee and commission income decreased by EUR 64 million compared with 2015, due in part to a reduction of fees charged for payment packages. Uncertainty and volatility in the financial markets, especially in the first half of 2016, had a negative impact as well.

Other operating income

Other operating income increased by EUR 115 million, to EUR 140 million in 2016 when compared to 2015. This was mainly due to a profit (EUR 101 million) related to the gain on the sale of Visa Europe.

Personnel expenses

Personnel expenses decreased to EUR 470 million in 2016 compared with EUR 487 million in 2015. The number of FTEs in Retail Banking decreased in 2016 due to a reduction in the number of branches and a transfer of employees to Private Banking related to the lower threshold for Private Banking clients.

Other expenses

Other expenses increased to EUR 1,741 million in 2016. This was largely due to an increase in regulatory levies (EUR 136 million in 2016 compared with EUR 87 million in 2015) and higher (allocated) project costs related to the continuous improvement of products, services and IT processes (including the Retail Digitalisation programme). The execution costs provision for ICS in 2016 (EUR 16 million) was offset by stricter cost control.

Operating result

Operating result decreased by EUR 1 million, to EUR 1,747 million in 2016 as compared to 2015. The underlying cost/income ratio deteriorated by 1.3 percentage points to 55.9% as both operating income and operating expenses increased compared with 2015.

Impairment charges

Impairment charges on loans and other receivables were limited in 2016 and EUR 20 million below the 2015 level. Both years included significant IBNI releases, although these were higher in 2015. An IBNI release of EUR 81 million was recorded in 2016, of which EUR 32 million was due to a reclassification to impairments. The reclassification has no impact on overall impairment charges and was carried out to align the definitions of defaulted and impaired loans. The IBNI release in 2015 amounted to EUR 85 million. The Dutch economy recovered further and confidence in the housing market improved in 2016. Both contributed to lower impairment charges for mortgages (excluding IBNI releases). Consumer loans also benefited from further improved economic conditions and active risk management of the portfolio of clients in arrears, leading to lower loan impairments with higher IBNI releases.

Loans and receivables – customers (excluding netting adjustment)

Loans and receivables - customers grew by EUR 0.3 billion to EUR 154.5 billion at 31 December 2016, including EUR 144.5 billion in residential mortgages. The Retail Banking mortgage portfolio increased by EUR 0.7 billion in 2016. New mortgage production grew on the back of low mortgage interest rates, insufficient residential construction activity and more favourable economic conditions in the Netherlands. The market share in new production increased to 21.9%[12] (2015: 19.9%). Other redemptions remained high due to refinancing and relocation. Low interest rates on savings and enhanced awareness among homeowners of the possibility of residual debt are still incentives for extra repayments.

Due to customers (excluding netting adjustment)

Due to customers increased by EUR 2.3 billion to EUR 101.0 billion at 31 December 2016, partly related to an increase in deposits at MoneYou.

Private Banking

Private Banking serves high net worth individuals with more than EUR 500,000 in investible assets and ultra-high net worth individuals with more than EUR 25 million in investible assets. Private Banking offers a rich array of products and services designed to address clients' individual needs. Private Banking operates under the brand name ABN AMRO MeesPierson in The Netherlands and internationally under ABN AMRO Private Banking as well as local brands such as Banque Neuflize OBC in France and Bethmann Bank in Germany.

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[12] Dutch Land Registry (*Kadaster*)

The table below summarises the Private Banking segment's results for the years ended 31 December 2016 and 31 December 2015.

Private Banking: Selected Financial Information

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	645	589
Net fee and commission income	580	619
Other operating income	89	101
Operating income	*1,315*	*1,310*
Personnel expenses	501	501
Other expenses	544	549
Operating expenses	1,045	1,050
Operating result	***269***	***260***
Impairment charges on loans and other receivables	20	-4
Operating profit/(loss) before taxation	***249***	***264***
Income tax expense	50	49
Underlying profit/(loss) for the period	**199**	**214**
Special items		–
Reported profit/(loss) for the period	**199**	**214**

	Year ended 31 December	
	2016	**2015**
Underlying cost/income ratio (in %)	79.5%	80.2%
Underlying cost of risk[(1)] (in bps)	13	-2
Gross margin on client assets (in bps)	67	65

(1) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

	As at 31 December	
	2016	**2015**
Loan-to-Deposit ratio (in %)	20%	25%
Loans and receivables customers – customers (in EUR billion)	12.1	16.6
Due to customers (in EUR billion)	61.8	66.5
Risk weighted assets (in EUR billion)	7.7	8.2
FTEs	3,844	3,722

Underlying profit/(loss) for the period

Private Banking's underlying profit decreased by EUR 15 million to 199 million in 2016. The decline was the result of higher impairment charges, partly offset by an increased operating result.

Net interest income

Net interest income increased by EUR 56 million, to EUR 645 million in 2016 as compared to 2015. This was mainly the result from higher margins on deposits, partly offset by lower average lending volumes.

Net fee and commission income

Net fee and commission income decreased by EUR 39 million. Uncertainty and volatility in the financial markets, especially in the first half of 2016, had a negative impact on the stock markets. This led to lower average client assets and a decline in transaction volumes.

Other operating income

Other operating income decreased to EUR 89 million (2015: EUR 101 million). The decline was mainly due to lower trading income. The 2016 provision release related to the sale of the Swiss private banking

activities in 2011 (EUR 21 million) was offset by the sale of premises in 2015 and negative one-offs in 2016.

Personnel expenses

Personnel expenses remained stable at EUR 501 million compared with 2015. Lower personnel expenses in the international activities were offset by higher personnel expenses in the domestic activities. The number of FTEs employed in Private Banking's domestic activities increased in 2016 due to a transfer of employees from Retail Banking.

Other expenses

Other expenses decreased to EUR 544 million (2015: EUR 549 million). The decline was mainly due to the favourable settlement of an insurance claim in 2016 (EUR 24 million), several smaller provision releases and strict cost control. This was partly offset by higher regulatory levies (EUR 18 million in 2016 versus EUR 11 million in 2015) and higher allocated project costs for the continuous improvement of products, services and IT processes.

Operating result

The operating result increased by EUR 9 million to EUR 269 million in 2016 as compared to 2015. The underlying cost/income ratio decreased by 0.7 percentage points to 79.5%.

Impairment charges

Impairment charges on loans and other receivables amounted to EUR 20 million compared with a EUR 4 million release in 2015. This was partly due to lower IBNI releases (EUR 3 million in 2016 versus EUR 12 million in 2015) and specific additions in 2016 compared with a specific release in 2015.

Loans and receivables – customers

Loans and receivables – customers decreased by EUR 4.5 billion in 2016 as compared to 2015. Of this decrease, EUR 3.4 billion was related to the reclassification of private banking activities in Asia and the Middle East to held for sale. Excluding the reclassification, the decrease related to both the domestic and international activities.

Due to customers

Due to customers decreased by EUR 4.7 billion to EUR 61.8 billion at 31 December 2016. Of this decrease, EUR 5.7 billion was related to the reclassification of private banking activities. Excluding the reclassification, growth was mainly achieved in the Netherlands partly related to internal client transfers from Retail Banking to Private Banking based on the lower threshold.

Private Banking: Client assets

	As at 31 December	
	2016	**2015**
	(in billions of euros)	
Opening balance as at 1 January	*199.2*	*190.6*
Net new assets (excl sales/acquisitions)	0.6	1.5
Market performance	5.0	7.1
Closing Balance at 31 December	**204.9**	**199.2**
Breakdown by assets type:		
Cash	67.6	66.5
Securities	137.2	132.8
- *Of which custody*	35.4	35.0
Breakdown by geography:		
The Netherlands (in %)	48%	48%
The rest of Europe (in %)	44%	44%
The rest of the world (in %)	9%	8%

Client assets

Client assets grew to EUR 204.9 billion at 31 December 2016. This was mainly due to a positive market performance in 2016, especially in the second half of the year. Total client assets includes EUR 17.9 billion related to the private banking portfolio in Asia and the Middle East (held for sale).

Net new assets[13] amounted to EUR 0.6 billion in 2016 compared with EUR 1.5 billion in 2015. Net inflow in the international activities was partly offset by net outflow in the Netherlands. In 2016 an amount of EUR 0.9 billion was due to internal client transfers from Retail Banking to Private Banking based on the lower threshold of EUR 500,000 in investable assets. The threshold in the Netherlands was lowered to open up services to a broader client group and to enable us to gain further market share. Clients are gradually being transferred to Private Banking.

Corporate Banking

Corporate Banking serves corporate clients with operations in The Netherlands that have an annual turnover above EUR 1 million and serves three selected activities internationally: ECT, Clearing and asset based financing (consisting of commercial finance and leasing). Corporate Banking comprises three business lines: Commercial Clients (Dutch based clients with an annual turnover of up to EUR 250 million), International Clients (Dutch based clients with annual turnover of more than EUR 250 million, clients active internationally in the sectors ECT globally and financial institutions in specific countries in Western Europe) and Capital Markets Solutions (capital markets products and services for Commercial and International Clients, and for Clearing clients globally).

The table below summarises the Corporate Banking segment's results for the years ended 31 December 2016 and 31 December 2015.

Corporate Banking: Selected Financial Information

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	2,280	2,142
Net fee and commission income	751	751
Other operating income	175	227
Operating income	*3,207*	*3,120*
Personnel expenses	680	676
Other expenses	1,316	1,264
Operating expenses	1,995	1,940
Operating result	***1,211***	***1,180***
Impairment charges on loans and other receivables	31	419
Operating profit/(loss) before taxation	***1,180***	***762***
Income tax expense	305	165
Underlying profit/(loss) for the period	**876**	**596**
Special items	-271	–
Reported profit/(loss) for the period	**605**	**596**

	Year ended 31 December	
	2016	**2015**
Underlying cost/income ratio (in %)	62.2%	62.2%
Underlying cost of risk[(1)(2)] (in bps)	3	47

(1) For management view purposes, the historical periods before 31 December 2016 have **not** been adjusted for the revised accounting relating to the netting.

(2) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

13 Net new assets include client transfers from Retail Banking and referrals from Corporate Banking.

	As at 31 December	
	2016	2015
Loan-to-Deposit ratio[1] (in %)	137%	121%
Loans and receivables customers – customers[1] (excluding netting adjustment, in EUR billion)	89.8	80.6
Due to customers[1] (excluding netting adjustment, in EUR billion)	60.7	62.9
Risk weighted assets (in EUR billion)	54.9	55.1
FTEs	5,138	4,959

(1) For management view purposes, the historical periods before 31 December 2016 have **not** been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

Underlying profit/(loss) for the period

Corporate Banking's underlying net profit increased by EUR 280 million to EUR 876 million in 2016. The key drivers for the improvement were a rise in operating income and a sharp decrease in impairment charges. This was partly offset by increased operating expenses including an execution costs provision for SME derivatives-related issues (gross amount of EUR 55 million).

Commercial Clients and International Clients contributed EUR 694 million and EUR 196 million respectively to the underlying profit of Corporate Banking. Capital Markets Solutions made an underlying loss of EUR 14 million.

Corporate Banking's reported net profit increased by EUR 9 million to EUR 605 million in 2016. In Q2 2016, the addition to the provision for SMEs with derivative-related issues of EUR 361 million gross (EUR 271 million net of tax) was classified as a special item. This provision was taken based on ABN AMRO's decision to adhere to the advice of the committee of independent experts on the reassessment of SME interest rate derivatives.

Net interest income

Net interest income increased by EUR 138 million to EUR 2,280 million. The improvement was recorded in all segments. Commercial Clients posted a modest rise in net interest income of EUR 44 million to EUR 1,349 million. Margins on loans and deposits increased as well as average deposit volumes. Average loan volumes were lower compared with 2015 due to a reallocation of a portfolio to Group Functions in Q4 2015. Both years were impacted by the provision for SME derivatives-related issues.

Net interest income in International Clients increased by EUR 35 million to EUR 744 million, benefiting from growth in the ECT Clients loan portfolio (mainly international). This was partly offset by lower margins on deposits. Net interest income in Capital Markets Solutions improved by EUR 59 million to EUR 186 million, mainly at Sales & Trading (partly due to favourable one-offs as a result of collateral management).

Net fee and commission income

Net fee and commission income remained flat at EUR 751 million. Higher fees due to more cleared volumes at Capital Markets Solutions were offset by lower fees at International Clients.

Other operating income

Other operating income went down by EUR 52 million to EUR 175 million in 2016. The decrease was driven by lower tax-exempt results on the Equity Participations portfolio due to less favourable market conditions (including the ongoing low oil price). Moreover, the CVA/DVA/FVA results were EUR 51 million lower compared with 2015 (EUR 2 million negative in 2016 versus EUR 49 million positive in 2015). This was partly offset by lower additions to the provision for SME derivatives-related issues current year.

Personnel expenses

Personnel expenses amounted to EUR 680 million in 2016, up by EUR 4 million compared with 2015. Personnel expenses increased due to higher pension expenses and a growth in the number of FTEs, partly offset by lower restructuring provisions in 2016.

Other expenses

Other expenses grew by EUR 52 million compared with 2015 due to a provision at Capital Markets Solutions for SME derivatives-related issues (EUR 55 million) and higher project costs for continuous improvement of products, services and IT processes (including TOPS 2020). This was partly offset by EUR 27 million lower regulatory levies (EUR 96 million in 2016 versus EUR 122 million in 2015) and several smaller favourable one-offs in 2016.

Operating result

The operating result went up by EUR 31 million to EUR 1,211 million in 2016. At 62.2%, the underlying cost/income ratio in 2016 remained flat compared to 2015.

Impairment charges

Impairment charges on loans and other receivables amounted to EUR 31 million, down by EUR 388 million compared with 2015. The decrease in impairment charges is fully recognised in Commercial Clients due to the further broad recovery of the Dutch economy. Slightly higher impairment charges in International Clients were offset by lower additions in Capital Markets Solutions. In 2016 an IBNI release of EUR 136 million was recorded for Corporate Banking, compared with a EUR 125 million release in 2015.

Loans and receivables – customers (excluding netting adjustment)

Loans and receivables – customers increased with EUR 9.2 billion to EUR 89.8 billion in 2016 as compared to EUR 80.6 billion in 2015.

Due to customers (excluding netting adjustment)

Due to customers decreased by EUR 2.2 billion, to EUR 60.7 billion in 2016 as compared to EUR 62.9 billion in 2015.

Corporate Banking - Commercial Clients

The table below summarises the Commercial Clients business results for the years ended 31 December 2016 and 31 December 2015.

Corporate Banking - Commercial Clients: Selected Financial Information

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	1,349	1,305
Net fee and commission income	202	205
Other operating income	57	13
Operating income	*1,608*	*1,524*
Operating expenses	859	861
Operating result	***749***	***663***
Impairment charges on loans and other receivables	-179	213
Operating profit/(loss) before taxation	***928***	***450***
Income tax expense	234	121
Underlying profit/(loss) for the period	**694**	**329**
Special items	-8	–
Reported profit/(loss) for the period	**686**	**329**

	Year ended 31 December	
	2016	**2015**
Underlying cost/income ratio (in %)	53.4%	56.5%
Underlying cost of risk[(1) (2)] (in bps)	-46	53

(1) For management view purposes, the historical periods before 31 December 2016 have **not** been adjusted for the revised accounting relating to the netting.
(2) Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables – customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.
(3)

	As at 31 December	
	2016	**2015**
Loans and receivables - customers (excluding netting adjustment, in billions) [1]	36.4	35.3
Due to customers (excluding netting adjustment, in billions) [1][2]	34.0	34.8
Risk weighted assets (risk exposure amount; in billions)	20.6	21.5

(1) For management view purposes, the historical periods before 31 December 2016 have **not** been adjusted for the revised accounting relating to the netting.
(2) Due to customers included an internal transfer of deposits from Commercial clients to Capital Markets Solutions (mainly Q1 2016).

Corporate Banking - International Clients

The table below summarises the International Clients business results for the years ended 31 December 2016 and 31 December 2015.

Corporate Banking - International Clients: Selected Financial Information

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	744	709
Net fee and commission income	223	232
Other operating income	9	104
Operating income	*976*	*1,044*
Operating expenses	516	522
Operating result	***460***	***522***
Impairment charges on loans and other receivables	211	191
Operating profit/(loss) before taxation	***249***	***331***
Income tax expense	53	40
Underlying profit/(loss) for the period	**196**	**292**
Special items		–
Reported profit/(loss) for the period	**196**	**292**

	Year ended 31 December	
	2016	**2015**
Underlying cost/income ratio	52.8%	50%
Underlying cost of risk[1][2] (in bps)	59	56

(1) Annualised impairment charges on loans and receivables - customers for the period divided by average loans and receivables – customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.
(2) For management view purposes, the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting.

	As at 31 December	
	2016	**2015**
Loans and receivables - customers (excluding netting adjustment, in billions) [1]	38.1	32.2
Due to customers (excluding netting adjustment, in billions) [1][2]	14.9	19.0
Risk-weighted assets (in risk exposure amount, in billions)	24.4	22.6

(1) For management view purposes, the historical periods before 31 December 2016 have **not** been adjusted for the revised accounting relating to the netting.
(2) Due to Customers included an internal transfer of deposits from International Clients to Capital Markets Solutions (mainly Q1 2016).

Capital Markets Solutions

The table below summarises the Capital Markets Solutions business results for the years ended 31 December 2016 and 31 December 2015.

Corporate Banking - Capital Markets Solutions: Selected Financial Information

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	186	127
Net fee and commission income	326	314
Other operating income	110	110
Operating income	*622*	*551*
Operating expenses	619	555
Operating result	***3***	***-3***
Impairment charges on loans and other receivables	-2	15
Operating profit/(loss) before taxation	***4***	***-18***
Income tax expense	18	6
Underlying profit/(loss) for the period	**-14**	**-24**
Special items	-263	–
Reported profit/(loss) for the period	**-277**	**-24**

	Year ended 31 December	
	2016	**2015**
Underlying cost/income ratio (in %)	99,6%	100,6%
Underlying cost of risk[1] (in bps)	-1	9

[1] Annualised impairment charges on loans and receivables – customers for the period divided by the average loans and receivables – customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

	As at 31 December	
	2016	**2015**
Financial assets held for trading (in billions)	1.6	1.7
Loans and receivables customers (in billions)	15.4	13.1
Financial liabilities held for trading (in billions)	0.8	0.5
Due to customers[1] (in billions)	11.7	9.1
Risk weighted assets (risk exposure amount, in billions)	9.9	11.0

[1] "Due to Customers included an internal transfer of both Commercial Clients and international Clients to Capital Markets Solutions (mainly Q1 2016).

Group Functions

Group Functions consists of various departments that provide essential support to the business segments. Its departments include Finance, Risk Management, Strategy, Technology, Operations & Property Services ("**TOPS**"), Human Resources, Communications & Sustainability, Group Audit and the Corporate Office, among others. The majority of the costs of Group Functions are allocated to the business segments. Items not allocated to the business segments include operating results from specific (commercial) activities and specific one-off items (individually determined).

The table below summarises the Group Functions results for the years ended 31 December 2016 and 31 December 2015.

Group Functions: Selected financial information

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Net interest income	-2	44
Net fee and commission income	-52	-68

	Year ended 31 December	
	2016	**2015**
	(in millions of euros)	
Other operating income	163	197
Operating income	*108*	*172*
Personnel expenses	1,125	828
Other expenses	-720	-695
Operating expenses	405	133
Operating result	***-297***	***39***
Impairment charges on loans and other receivables	-15	-8
Operating profit/(loss) before taxation	***-282***	***48***
Income tax expense	-36	160
Underlying profit/(loss) for the period	**-245**	**-112**
Special items		
Reported profit/(loss) for the period	**-245**	**-112**

	As at 31 December	
	2016	**2015**
Securities financing – assets	12.9	15.5
Loans and receivables - customers (in billions)	7.8	7.9
Securities financing – liabilities	10.5	10.2
Due to customers (in billions)	1.8	2.3
Risk weighted assets (risk exposure amount; in billions)	9.8	9.9
FTEs	7,416	7,522

Underlying profit/(loss) for the period

Group Functions' underlying result was EUR 245 million negative in 2016 compared with a loss in 2015 (where the underlying result was EUR 112 million negative in 2015). The loss in 2016 was due to EUR 348 million restructuring provisions related to the announced reorganisation of the control and support activities (Q3) and digitalisation and process optimisation (Q4 2016). In 2015 the loss was impacted by a tax-exempt provision related to the part of the Securities Financing activities discontinued in 2009.

Net interest income

Net interest income decreased by EUR 46 million compared with 2015 as the interest result came down, in line with the flattening of the yield curve (partly offset by ABN AMRO's duration strategy. Moreover, interest paid on cash deposits with the ECB increased due to higher average volumes and more unfavourable (negative) rates. Both were partly offset by lower funding costs on Dutch State funding

(Dutch State Treasury Agency) following a partial redemption in 2016. Lastly, both years included tax-exempt provisions related to the part of the securities financing activities discontinued in 2009.

Net fee and commission income

Net fee and commission income increased by EUR 16 million, partly driven by lower fees paid to Capital Markets Solutions related to securities financing activities.

Other operating income

Other operating income decreased by EUR 34 million compared with 2015 primarily as lower hedge accounting-related results were recorded in 2016 (EUR 39 million in 2016 versus EUR 182 million in 2015). Moreover, no CVA/DVA results were recorded in 2016 compared with favourable CVA/DVA adjustments in 2015 (EUR 27 million positive). This was partly offset by profit/revaluation gains on stakes in Visa Europe (EUR 14 million) and Equens (EUR 52 million). Both years included tax-exempt provisions related to the part of the securities financing activities discontinued in 2009.

Personnel expenses

Personnel expenses, at EUR 1,125 million in 2016, went up by EUR 297 million compared with EUR 828 million in 2015. The increase was due to EUR 321 million of restructuring provisions related to the announced reorganisation of the control and support activities (EUR 144 million in Q3 2016) and

digitalisation and process optimisation (EUR 177 million in Q4 2016). This was partly offset by several smaller restructuring provisions recorded in 2015.

Other expenses

Other expenses decreased by EUR 25 million to EUR -720 million in 2016, as more costs were allocated to the commercial segments, compared with EUR -695 million in 2015. Expenses increased by EUR 82 million as 2015 included some favourable incidentals, including a EUR 35 million release related to DSB and a VAT return, partly offset by a final settlement (EUR 55 million) with Vestia (a Dutch housing corporation). The year 2016 includes a EUR 13 million restructuring provision for office space (plus EUR 14 million accelerated depreciation) and higher projects costs for continuous improvement of products, services and IT processes (including the TOPS 2020 and Retail Digitalisation programmes).

Income tax expense

Income tax expense in both 2016 and 2015, the latter more severely, were negatively impacted by the reassessment of our tax position and the tax-exempt provision related to the part of the Securities financing activities discontinued in 2009.

4.5 Results of operations for the years ended 31 December 2015 and 2014

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported in accordance with EU IFRS for defined Special Items, discussed below. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in financial performance as compared to results that have been prepared in accordance with EU IFRS. The table below shows a reconciliation of the Group's reported and underlying results of operations for the years ended 31 December 2015 and 31 December 2014. Underlying results are not audited.

As a result of an IFRIC rejection notice of 6 April 2016, ABN AMRO adjusted its accounting policy for offsetting in 2016 (*Please see section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool* agreements *and bank saving* mortgages"). Accordingly, all 2015 figures for the line items Loans and receivables - customers and Due to customers as at 31 December 2015 have been adjusted retrospectively as a result of the change in accounting policy, unless otherwise stated. The figures for the line items Loans and receivables – customers and Due to customers as at 31 December 2014 have not been adjusted and may not be comparable to the line items Loans and receivables – customers and Due to customers as at 31 December 2015 and 2016.

Reconciliation of Reported to Underlying Results

	Year ended 31 December					
	2015			2014		
	Reported	Special items	Underlying	Reported	Special items	Underlying
	(in millions of euros)					
Net interest income	6,076	—	6,076	6,023	—	6,023
Net fee and commission income	1,829	—	1,829	1,691	—	1,691
Other operating income	550	—	550	341	—	341
Operating income	8,455	—	8,455	8,055	—	8,055
Personnel expenses	2,492	—	2,492	2,684	288	2,396
Other expenses	2,736	—	2,736	2,654	201	2,453
Operating expenses	5,228	—	5,228	5,338	489	4,849
Operating result	***3,227***	***—***	***3,227***	***2,717***	***(489)***	***3,206***
Impairment charges on loans and other receivables	505	—	505	1,171	—	1,171
Operating profit/(loss) before taxation	***2,722***	***—***	***2,722***	***1,546***	***(489)***	***2,035***
Income tax expense	798	—	798	412	(72)	484
Profit/(loss) for the period	**1,924**	**—**	**1,924**	**1,134**	**(417)**	**1,551**

Impact of Special Items

	Year ended 31 December	
	2015	**2014**
	(in millions of euros)	
Operating expenses		
Pension settlement charge[1]	—	288
SNS levy[2]	—	201
Total impact on operating expenses	—	*489*
Income tax expenses		
Total impact on income tax expenses	—	(72)
Total impact on profit/(loss) for the period	**—**	**(417)**

(1) As part of the collective labour agreement in the first half of 2014, ABN AMRO changed the pension scheme for its employees from a defined benefit scheme to a collective defined contribution scheme. As a result, the liability as recorded in the balance sheet related to the defined benefit scheme was released to the income statement leading to a negative impact on personnel expenses.

(2) In 2013, the Dutch government decided to nationalise SNS Reaal. In addition, the government decided that the Dutch banking industry should also contribute to the rescue operation, as a replacement for the fact that the deposit guarantee scheme was not effectuated due to the nationalisation. The total amount to be contributed by the sector was approximately EUR 1 billion, of which EUR 201 million was to be contributed by ABN AMRO spread over the first three quarters of 2014.

Selected Consolidated Financial Information

The table below summarises the Group's results of operations on an underlying basis for the years ended 31 December 2015 and 31 December 2014.

	Year ended 31 December	
	2015	**2014**
	(in millions of euros)	
Net interest income	6,076	6,023
Net fee and commission income	1,829	1,691
Other operating income	550	341
Operating income	*8,455*	*8,055*
Personnel expenses	2,492	2,396
Other expenses	2,736	2,453
Operating expenses	5,228	4,849
Operating result	3,227	3,206
Impairment charges on loans and other receivables	505	1,171
Operating profit/(loss) before taxation	***2,722***	***2,035***
Income tax expense	798	484
Underlying profit/(loss) for the period	**1,924**	**1,551**
Special items		-417
Reported profit/(loss) for the period	**1,924**	**1,134**
Of which Non-controlling interests	*5*	—

	Year ended 31 December	
	2015	**2014**
Net interest margin (NIM) (in bps)[1]	146	153
Underlying cost/income ratio (IFRS)	61.8%	60.2%
Underlying cost of risk (in bps)[1][2]	19	45
Underlying return on average Equity[3] (in bps)	12.0%	10.9%
Underlying earnings per share[4] (in EUR)	2.03	1.65

	Year ended 31 December	
	2015	**2014**
Client Assets[5](in EUR billion)	313.5	302.5
FTEs	22,048	22,215

(1) For management view purposes, these 2015 figures have **not** been adjusted for the revised accounting relating to the netting.

(2) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

(3) Underlying profit for the period excluding reserved coupons for AT 1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.
(4) Underlying profit for the period excluding reserved coupons for AT 1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.
(5) Clients Assets consists of the total liquidity volume and the total securities volume of the Group's clients, including restricted and custody shares.

Underlying profit/(loss) for the period

The underlying profit for full-year 2015 amounted to EUR 1,924 million, up EUR 373 million as compared with the previous year. The increase was due mainly to lower loan impairments and higher operating income, partly offset by regulatory levies and project costs. The underlying return on equity (ROE) increased to 12.0% in 2015, as compared with 10.9% in 2014.

A number of special items impacted 2014 negatively. As a consequence, the reported net profit of EUR 1,134 million in 2014 was EUR 417 million lower than the underlying net profit (EUR 1,551 million in 2014). The difference between underlying and reported results is shown in the table Reconciliation of reported to underlying results.

Reported profit/(loss) for the period

The reported profit/(loss) for the period for full-year 2015 was the same as the underlying profit for full year 2015 and amounted to 1,924 million. The reported profit/(loss) amounted to EUR 1,134 million in 2014.

Operating income

Operating income grew by 5% as compared with 2014 and amounted to EUR 8,455 million in 2015, of which 80% was generated in The Netherlands.

Net interest income

Net interest income rose marginally to EUR 6,076 million in 2015 compared with EUR 6,023 million in 2014. The development of net interest income was impacted by several negative one-offs in 2015 (including a provision for the EURIBOR mortgages legal claim). In contrast, one-offs with a positive impact were recorded in 2014.

Net interest income on residential mortgages increased as compared with 2014 as margin improvements more than exceeded the decrease in portfolio volumes. Margins improved due to continued gradual repricing at higher margins, in particular mortgages that originated pre-crisis. The impact of repricing of the mortgage book in recent years continued to contribute to higher net interest income.

Net interest income on consumer loans decreased due to declined average loan volumes and lower margins.

Net interest income on corporate loans increased in 2015 as compared to 2014 due to both higher volumes and higher margins. Margin improvements were mainly recorded in Commercial Clients. The increase in average corporate loan volumes was chiefly by volume growth in the ECT Clients loan portfolio (including currency developments). Average corporate loan volumes in Commercial Clients showed a limited decline compared to 2014.

Net interest income was negatively impacted by higher liquidity buffer costs.

In combination with higher average total assets, this resulted in a lower net interest margin of 146bps in 2015 as compared to 2014.

Net fee and commission income

Net fee and commission income amounted to EUR 1,829 million in 2015, which was EUR 138 million higher than in 2014. The increase was primarily recorded in Private Banking, due to a favourable stock market performance, and in Corporate Banking due to higher transaction volumes at Clearing.

Other operating income

Other operating income amounted to EUR 550 million in 2015, up by EUR 209 million as compared with the previous year. The increase was primarily driven by higher CVA/DVA/FVA results (EUR 76 million positive in 2015 versus EUR 58 million negative in 2014), favourable hedge accounting-related results at Group Functions, and higher tax-exempt results at Equity Participations on the back of improved market conditions. This was partly offset by a one-off tax-exempt provision in Group Functions related to the part of the Securities Financing activities discontinued in 2009 and a provision in Corporate Banking for an identified group of SMEs with possible interest rate derivative-related issues.

Personnel expenses

Personnel expenses amounted to EUR 2,492 million in 2015, up EUR 96 million as compared with previous year. Pension expenses were EUR 38 million higher in 2015 due mainly to lower discount rates. In addition, personnel expenses for international activities increased due mainly to growth of the number of FTEs and devaluation of the euro. Personnel expenses in 2014 were positively impacted by releases from the employee benefits provision. Comparable restructuring provisions were included in 2014 and 2015.

Other expenses

Other expenses rose by EUR 283 million to EUR 2,736 million in 2015. The increase was driven by EUR 129 million higher regulatory levies. Regulatory levies totalling EUR 220 million in 2015 included EUR 119 million for the National Resolution Fund (NRF), EUR 98 million for the Dutch bank tax and EUR 3 million for the Deposit Guarantee Scheme. Implementation of the Dutch DGS was postponed by the national regulator to Q1 2016; therefore, the DGS charge recorded in 2015 was lower than previously communicated. In addition, other expenses increased due to higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including TOPS 2020 and Retail Digitalisation programmes). A EUR 55 million settlement with Vestia was included in 2015. These increases were partly offset by a considerable VAT refund recorded in 2015 which was the result of discussions with the tax authorities related to the period 2007-2014.

Operating result

The operating result improved marginally to EUR 3,227 million, up by EUR 21 million as compared with 2014, and the underlying cost/income ratio increased by 1.6 percentage points to 61.8% in 2015.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables amounted to EUR 505 million, EUR 666 million lower than in 2014. Lower impairment charges were recorded on all portfolios due to improvements in the risk profile of the portfolios on the back of improved economic conditions. This also led to IBNI releases, which are determined based on recent losses in the portfolio. The decreasing loan loss levels resulted in an IBNI release of EUR 221 million in 2015 compared with an IBNI addition of EUR 22 million in 2014.

The decrease in impairment charges was recorded in each business segment.

The cost of risk

The underlying cost of risk amounted to 19 bps in 2015, down from 45bps in 2014.

Operating profit/(loss) before taxation

Profit before tax amounted to EUR 2,722 million in 2015, EUR 687 million higher than in 2014.

Income tax expense

Income tax expense in 2015 was negatively impacted by the reassessment of our tax position and the tax-exempt provision related to the part of the Securities financing activities discontinued in 2009.

Selected Consolidated Balance Sheet Movements

	As at 31 December	
	2015	**2014**
	(in millions of euros)	
Assets:		
Cash and balances at central banks	26,195	706
Financial assets held for trading	1,706	9,017
Derivatives	19,138	25,285
Financial investments	40,542	41,466
Securities financing[1]	20,062	18,511
Loans and receivables – banks	15,680	21,680
Loans and receivables – customers[2]	276,375	261,910
Other	7,676	8,292
Total assets[2]	**407,373**	**386,867**
Liabilities:		
Financial liabilities held for trading	459	3,759
Derivatives	22,425	30,449
Securities financing[1]	11,372	13,918
Due to banks	14,630	15,744
Due to customers[2]	247,353	216,011
Issued debt	76,207	77,131
Subordinated liabilities	9,708	8,328
Other	7,635	6,652
Total liabilities[2]	*389,789*	*371,990*
Equity:		
Equity attributable to owners of the parent company	16,575	14,865
Capital securities	993	—
Equity attributable to non-controlling interests	17	12
Total equity	*17,584*	*14,877*
Total liabilities and equity[2]	**407,373**	**386,867**
Committed credit facilities	21,559	16,164
Guarantees and other commitments	13,868	15,335

(1) Securities financing consists of securities borrowing and lending and sale and repurchase transactions.
(2) These 2015 figures have been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages."

Total assets

Total assets increased by EUR 20.5 billion to EUR 407.4 billion at 31 December 2015 from EUR 386.9 billion at 31 December 2014. Specifically, Loans and receivables – customers figures for 31 December 2015 are not comparable with 31 December 2014 because a netting adjustment of EUR 17.1 billion is included in this line item for 31 December 2015. This adjustment is not included in the 2014 figures.

Excluding netting adjustments, total assets increased by EUR 3.4 billion to EUR 390.3 at 31 December 2015 from EUR 386.9 billion at 31 December 2014, due mainly to higher Cash and balances at central banks, partly offset by Financial assets held for trading, Derivatives and Loan and receivables – banks.

Cash and balances at central banks

Cash and balances at central banks increased by EUR 25.5 billion to EUR 26.2 billion at 31 December 2015 from EUR 0.7 billion at 31 December 2014 as part of the liquidity buffer. The mandatory reserve deposits held with DNB recorded in Loans and receivables – banks were transferred to overnight deposits accounts.

Financial assets held for trading

Financial assets held for trading decreased sharply by EUR 7.3 billion to EUR 1.7 billion at 31 December 2015 from EUR 9.0 billion at 31 December 2014, driven mainly by the wind-down of activities resulting from the strategic review of Capital Markets Solutions and a decrease in government bonds related to primary dealerships.

Derivative assets

Derivatives decreased by EUR 6.1 billion to EUR 19.1 billion (of which EUR 15 billion trading and EUR 4 billion non-trading) at 31 December 2015 from EUR 25.3 billion at 31 December 2014 on the back of mid- to long-term interest rates and foreign exchange rates movements impacting the fair value of derivatives. This is also observed in the derivative liabilities.

Financial investments

Financial investments decreased by EUR 0.9 billion to EUR 40.5 billion at 31 December 2015 from EUR 41.5 billion at 31 December 2014.

Securities financing

Securities financing increased by EUR 1.6 billion to EUR 20.1 billion at 31 December 2015 from EUR 18.5 billion at 31 December 2014.

Loans and receivables – banks

Loans and receivables – banks decreased by EUR 6.0 billion to EUR 15.7 billion from EUR 21.7 billion at 31 December 2014 due mainly to the transfer of mandatory reserves at DNB to overnight deposits accounts, partly offset by a EUR 2 billion move of ECT Clients trade bills from Loans and receivables – customers to Loans and receivables – banks.

Loans and receivables – customers

Loans and receivables – customers increased by EUR 14.5 billion to EUR 276.4 billion at 31 December 2015 from EUR 261.9 billion at 31 December 2014. Loans and receivables – customers figures for 31 December 2015 are not comparable with 31 December 2014 because a netting adjustment of EUR 17.1 billion is included in this line item for 31 December 2015. This adjustment is not included in the 2014 figures.

Excluding netting adjustments, loans and receivables – customers decreased by EUR 2.6 billion to EUR 259.3 billion at 31 December 2015 from EUR 261.9 billion at 31 December 2014.

As presented in the following table, this decline was primarily the result of lower residential mortgage volume and lower consumer loans. The mortgage portfolio decreased by EUR 1.5 billion to EUR 146.9 billion at 31 December 2015 from EUR 148.4 billion at 31 December 2014, driven by fierce competition especially towards year-end on longer interest rate periods and redemptions.

Redemptions were higher due to increased refinancing, whereas extra repayments in 2015 returned to the same level as previous years. Low interest rates and increased awareness among homeowners of the possibility of residual debt are still incentives for extra repayments. Contractual repayments are gradually growing, following amended tax regulations. As a result, redemptions exceeded new mortgage production. The market share in new mortgage production was stable at 20% in 2015.[14]

Corporate loans to clients underlying growth was more than offset by a move of ECT Clients trade bills to Loans and receivables - banks and the reallocation of part of the public sector loan portfolio from Corporate Banking to Group Functions (EUR 2.3 billion). This portfolio was reallocated due to the specific expertise required to manage risks other than credit risk associated with these longer dated loans. Corporate Banking will continue to manage client relationships.

Loans and receivables – customers

	As at 31 December	
	2015	**2014**
	(in millions of euros)	
Residential mortgages[(1)]	146,932	148,402

[14] Calculated on the basis of information from the Dutch land register, Hypotheken Scan, January-December 2015.

	As at 31 December	
	2015	**2014**
	(in millions of euros)	
Consumer loans	15,147	16,052
Corporate loans to clients[(1) (2)]	78,195	80,065
Total client loans (excluding netting adjustment) [(1)(3)]	*240,274*	*244,519*
Netting adjustment[(4)]	17,056	
Total client loans[(3)]	257,330	244,519
Loans to professional counterparties	12,194	9,635
Other loans[(5)]	6,357	6,777
Total loans and receivables[(3)]	*275,881*	*260,931*
Fair value adjustments from hedge accounting	4,849	5,739
Less: loan impairment allowance	4,355	4,761
Total loans and receivables – customers	**276,375**	**261,910**

(1) For management view purposes, these 2015 figures have not been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".
(2) Corporate loans excluding loans to professional counterparties.
(3) Gross carrying amount excluding fair value adjustment from hedge accounting.
(4) Netting adjustment is only applied to 2015 figures
(5) Other loans consists of loans and receivables to government, official institutions and financial markets parties.

Total liabilities

Total liabilities increased by EUR 17.8 billion to EUR 389.8 billion at 31 December 2015 from EUR 372.0 billion at 31 December 2014. Specifically, Due to customers figures for 31 December 2015 are not comparable with 31 December 2014 because a netting adjustment of EUR 17.1 billion is included in this line item for 31 December 2015. This adjustment is not included in the 2014 figures.

Excluding netting adjustments, total liabilities increased marginally by EUR 0.7 billion to EUR 372.7 billion at 31 December 2015 compared with EUR 372.0 billion at 31 December 2014. The increase in Due to customers and Subordinated liabilities was largely offset by lower Derivatives and Financial liabilities held for trading.

Financial liabilities held for trading

Financial liabilities held for trading declined by EUR 3.3 billion to EUR 0.5 billion at 31 December 2015 from EUR 3.8 billion at 31 December 2014 due to lower short positions in bonds mostly related to the primary dealership.

Derivative liabilities

Derivatives decreased by EUR 8.0 billion to EUR 22.4 billion (of which EUR 13 billion trading and EUR 9 billion non-trading) at 31 December 2015 from EUR 30.4 billion at 31 December 2014 on the back of mid- to long-term interest and foreign exchange rates movements impacting the valuation of derivatives. This is also observed in derivative assets.

Securities financing

Securities financing declined by EUR 2.5 billion to EUR 11.4 billion at 31 December 2015 from EUR 13.9 billion at 31 December 2014.

Due to banks

Due to banks declined by EUR 1.1 billion to EUR 14.6 billion at 31 December 2015 from EUR 15.7 billion at 31 December 2014.

Due to customers

Due to customers increased by EUR 31.3 billion to EUR 247.4 billion at 31 December 2015 from EUR 216.0 billion at 31 December 2014. Due to customers figures for 31 December 2015 are not comparable

with 31 December 2014 because a netting adjustment of EUR 17.1 billion is included in this line item for 31 December 2015. This adjustment is not included in the 2014 figures.

Excluding netting adjustments due to customers increased by EUR 14.3 billion to EUR 230.3 billion at 31 December 2015 from EUR 216.0 billion at 31 December 2014. Growth was recorded in all business segments and largely in demand deposits at Private Banking and Corporate Banking and savings deposits at Commercial Clients and Retail Banking. The combined market share[15] of 21% in retail deposits at Retail Banking and Private banking in The Netherlands at 31 December 2015 was stable compared with 31 December 2014.

Due to customers

	As at 31 December	
	2015	**2014**
	(in millions of euros)	
Retail Banking[(1)]	98,674	95,915
Private Banking	66,465	62,902
Corporate Banking[(1)]	62,850	54,740
Group Functions	2,308	2,454
Total Due to customers[(1)] (excluding netting adjustment)	***230,296***	***216,011***
Netting adjustment[(2)]	17,056	
Total Due to customers	**247,353**	**216,011**

(1) For management view purposes, these 2015 figures have not been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

(2) Netting adjustment is only applied to the 2015 figures

Issued debt

Issued debt decreased by EUR 0.9 billion to EUR 76.2 billion at 31 December 2015 compared with EUR 77.1 billion at 31 December 2014

Subordinated liabilities

Subordinated liabilities increased EUR 1.4 billion to EUR 9.7 billion at 31 December 2015 from EUR 8.3 billion at 31 December 2014. This was mainly as a result of two Tier 2 issuances (EUR 1.5 billion and EUR 1.4 billion (USD 1.5 billion)) partly offset by the call of a EUR 1.7 billion Dutch State-held subordinated loan.

Total equity

Total equity rose by EUR 2.7 billion to EUR 17.6 billion at 31 December 2015 as compared with EUR 14.9 billion at 31 December 2014, due mainly to the reported profit for 2015 and, to a lesser extent, the issuance of EUR 1 billion of capital securities qualifying as Additional Tier 1 capital.

RESULTS OF OPERATIONS BY SEGMENT FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

The sections below summarises ABN AMRO's results of operations by segment for the years ended 31 December 2015 and 31 December 2014.

Retail Banking

The table below summarises the Retail Banking segment's results for the years ended 31 December 2015 and 31 December 2014.

15 Calculated based on DNB Domestic MFI statistics, December 2015.

Retail Banking: Selected Financial Information

	Year ended 31 December	
	2015	**2014**
	(in millions of euros)	
Net interest income	3,302	3,379
Net fee and commission income	527	522
Other operating income	25	41
Operating income	*3,853*	*3,942*
Personnel expenses	487	560
Other expenses	1,619	1,475
Operating expenses	2,106	2,035
Operating result	***1,748***	***1,907***
Impairment charges on loans and other receivables	99	460
Operating profit/(loss) before taxation	***1,649***	***1,447***
Income tax expense	423	368
Underlying profit/(loss) for the period	**1,226**	**1,079**
Special items	—	—
Reported profit/(loss) for the period	**1,226**	**1,079**

	Year ended 31 December	
	2015	**2014**
Underlying cost/income ratio (in %)	54.6%	51.6%
Underlying cost of risk(1,2) (in bps)	6	29

(1) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

(2) For management view purposes, the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting.

	Year ended 31 December	
	2015	**2014**
Loan-to-Deposit ratio[1]	152%	158%
Loans and receivables – customers (excluding netting adjustment, in billions)[1]	154.2	156.0
Due to customers (excluding netting adjustment, in billions)[1]	98.7	95.9
Risk-weighted assets (risk exposure amount; in billions)	34.8	36.8
FTEs (in bps)	5,844	6,258

(1) For management view purposes, the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting.

Underlying profit/(loss) for the period

Retail Banking's underlying profit rose by EUR 147 million to EUR 1,226 million in 2015, up 14% as compared with 2014, as a result of lower loan impairments partly offset by lower net interest income and higher regulatory levies.

Net interest income

Net interest income, at EUR 3,302 million for 2015, declined by EUR 77 million as compared with 2014. This was largely driven by provisions related to legal claims (including EURIBOR mortgages) and inconsistencies in interest calculations between ABN AMRO and its business partners with respect to one of the mortgage products in 2015 and positive one-off results in 2014.

Margins on residential mortgages improved as a result of the gradual repricing of the mortgage book. This was partly offset by lower average residential mortgages volumes. Consumer lending volumes and margins decreased in 2015.

Interest income on deposits remained stable. Higher average savings volumes were offset by lower margins as market rates declined at a faster pace than client savings rates.

Net fee and commission income

Net fee and commission income increased by EUR 5 million to EUR 527 million in 2015 when compared to 2014.

Other operating income

Other operating income decreased by EUR 16 million to EUR 25 million in 2015 when compared to 2014.

Personnel expenses

Personnel expenses decreased by EUR 73 million, or 13%, due mainly to a restructuring provision of EUR 60 million in 2014. Excluding this provision, personnel expenses were EUR 13 million lower due to lower average FTE levels, following a further reduction in branches. This was partly offset by higher pension expenses.

Other expenses

Other expenses were up EUR 144 million to EUR 1,619 million in 2015. The regulatory levies in 2015 were EUR 48 million higher as compared with 2014 (EUR 87 million in 2015 versus EUR 39 million in 2014). In addition to higher regulatory levies, other expenses were up due mainly to higher external staffing costs due to increased residential mortgage production and higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including TOPS 2020 and the Retail Digitalisation programmes).

Operating result

Operating result decreased by EUR 159 million to EUR 1,748 million in 2015. The underlying cost/income ratio increased by 3.0 percentage points to 54.6%.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables fell by EUR 361 million, as compared with 2014, to EUR 99 million in 2015. The decline in impairments is visible in both the consumer loan portfolio and the mortgage portfolio. Mortgage impairments decreased on the back of improved conditions in the housing market, and the recovery of the Dutch economy contributed to a lower inflow of mortgages in the impaired portfolio, increased outflow and an improvement of the portfolio's risk profile. Consumer loans also benefited from improved economic conditions and active risk management of the portfolio of clients in arrears, leading to sharply lower loan impairments. In addition, impairment charges benefited from releases from the IBNI allowances (EUR 85 million in 2015). Included in 2014 were EUR 50 million of IBNI additions.

Loans and receivables – customers

Loans and receivables – customers decreased EUR 1.8 billion. Residential mortgages declined by EUR 0.9 billion driven by fierce competition, especially towards year-end, on longer interest rate periods. Redemptions were higher due to increased refinancing, whereas extra repayments in 2015 returned to the same level as previous years. Low interest rates and increased awareness among homeowners of the possibility of residual debt are still incentives for extra repayments. Contractual repayments are gradually growing, following amended tax regulations. As a result, redemptions exceeded new mortgage production. Consumer loans declined by EUR 0.7 billion when compared to 31 December 2014.

Due to customers

Due to customers grew by EUR 2.8 billion, due mainly to an increase in deposits at MoneYou (in all active countries).

Private Banking

The table below summarises the Private Banking segment's results for the years ended 31 December 2015 and 31 December 2014.

Private Banking: Selected Financial Information

	Year ended 31 December	
	2015	**2014**
	(in millions of euros)	
Net interest income	589	597
Net fee and commission income	619	544
Other operating income	101	51
Operating income	1,310	1,193
Personnel expenses	501	460
Other expenses	549	503
Operating expenses	1,050	964
Operating result	260	229
Impairment charges on loans and other receivables	-4	23
Operating profit/(loss) before taxation	264	206
Income tax expense	49	46
Underlying profit/(loss) for the period	**214**	**160**
Special items	—	—
Reported profit/(loss) for the period	**214**	**160**

	Year ended 31 December	
	2015	**2014**
Underlying cost/income ratio (in %)	80.2%	80.8%
Underlying cost of risk[1] (in bps)	-2	14
Gross margin on client assets (in bps)	65	67

[1] Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

	As at 31 December	
	2015	**2014**
Loan-to-Deposit ratio (in %)	25%	26%
Loans and receivables - customers (in EUR billion)	16.6	16.7
Due to customers (in EUR billion)	66.5	62.9
Risk weighted assets (in EUR billion)	8.2	8.3
FTEs	3,722	3,599

Underlying profit/(loss) for the period

Private Banking's underlying net profit rose by EUR 54 million to EUR 214 million in 2015, up 34% as compared with 2014. The increase was mainly driven by higher net fee and commission income and one-off results, partly offset by higher project costs. The acquired German private banking activities of Credit Suisse were consolidated as of 1 September 2014.

Net interest income

Net interest income amounted to EUR 589 million and was nearly stable as compared with 2014.

Net fee and commission income

Net fee and commission increased by EUR 75 million, or 14%, to EUR 619 million in 2015. Net fees increased due to higher average client assets, attributable to the stock market performance and net new assets. Private Banking also generated additional fee income in 2015 from the full-year contribution of the acquired German activities.

Other operating income

Other operating income in 2015 was EUR 50 million higher than in 2014, due to the sale of premises and increased trading income in 2015 while 2014 included a provision for a legal claim.

Personnel expenses

Personnel expenses increased by EUR 41 million to EUR 501 million in 2015. The increase in the international entities was mainly attributable to the acquired German activities, a restructuring provision for the announced integration of ABN AMRO Jersey into ABN AMRO Guernsey and FTE growth.

Other expenses

Other expenses grew by EUR 46 million as compared with 2014 to EUR 549 million. The increase was primarily due to higher project costs related to enhancing client centricity and client documentation, and continuous improvement of products, services and IT processes. Costs for the acquisition in Germany were included in 2014. The regulatory levies were EUR 7 million higher than in 2014 (EUR 11 million in 2015 versus EUR 4 million in 2014). A goodwill impairment of EUR 25 million was included in 2014.

Operating result

Operating result went up by 13% to EUR 260 million. The underlying cost/income ratio for Private Banking decreased slightly to 80.2% in 2015.

Impairment charges on loans and other receivables

Impairment charges on loans and other receivables showed a net release of EUR 4 million, as compared with EUR 23 million impairment additions in 2014. The release in impairments is partially explained by a EUR 12 million IBNI release in 2015.

Loans and receivables – customers

Loans and receivables – customers were virtually stable at EUR 16.6 billion at 31 December 2015 as compared with EUR 16.7 billion at 31 December 2014.

Due to customers

Due to customers increased by EUR 2.6 billion to EUR 66.5 billion at 31 December 2015. Growth was achieved both in The Netherlands and internationally.

Private Banking: Client Assets

	As at 31 December	
	2015	**2014**
	(in billions of euros)	
Opening balance as at 1 January	*190.6*	*168.3*
Net new assets	1.5	5.5
Market performance	7.1	8.6
Divestments/acquisitions	-	8.2
Other (including sales/acquisitions)	-	-0.1
Balance at 31 December	**199.2**	**190.6**
Breakdown by assets type:		
Cash	66.5	63.6
Securities	132.8	127.0
Breakdown by geography:		
The Netherlands (in %)	48%	47%
The rest of Europe (in %)	44%	44%
The rest of the world (in %)	8%	9%

Client Assets

Client assets grew to EUR 199.2 billion at 31 December 2015. This was due mainly to improved market performance.

Net new assets amounted to EUR 1.5 billion in 2015, EUR 4 billion lower than in 2014. This decline was due mainly to the outflow of custody assets of a single client (EUR 3 billion) in 2015.

Corporate Banking

The table below summarises the Corporate Banking segment's results for the years ended 31 December 2015 and 31 December 2014.

Corporate Banking: Selected Financial Information

	Year ended 31 December	
	2015	**2014**
	(in millions of euros)	
Net interest income	2,142	2,019
Net fee and commission income	751	646
Other operating income	227	173
Operating income	3,120	2,839
Personnel expenses	676	618
Other expenses	1,264	1,116
Operating expenses	1,940	1,734
Operating result	***1,180***	***1,105***
Impairment charges on loans and other receivables	419	717
Operating profit/(loss) before taxation	***762***	***388***
Income tax expense	165	91
Underlying profit/(loss) for the period	**596**	**298**
Special items	—	—
Reported profit/(loss) for the period	**596**	**298**

	Year ended 31 December	
	2015	**2014**
Underlying cost/income ratio (in %)	62.2%	61.1%
Underlying cost of risk[(1)(2)] (in bps)	47	86

(1) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.
(2) For management view purposes, these 2015 figures have not been adjusted for the revised accounting relating to the netting.

	As at 31 December	
	2015	**2014**
Loan-to-Deposit ratio[(1)]	121%	143%
Loans and receivables - customers (excluding netting adjustment, in billions)[(1)]	80.6	85.0
Due to customers (excluding netting adjustment, in billions)[(1)]	62.9	54.7
Risk weighted assets (risk exposure amount, in billions)	55.1	53.5
FTEs	4,959	4,995

(1) For management view purposes, these 2015 figures have not been adjusted for the revised accounting relating to the netting.

Underlying profit/(loss) for the period

Corporate Banking's underlying net profit increased by EUR 298 million to EUR 596 million in 2015. The key drivers for the improvement were a rise in operating income and a considerable decrease in impairment charges. This was partly offset by increased operating expenses including higher regulatory levies.

Commercial Clients and International Clients contributed EUR 329 million and EUR 292 million respectively to the underlying profit of Corporate Banking. Capital Markets Solutions made an underlying loss of EUR 24 million.

Net interest income

Net interest income increased by EUR 123 million to EUR 2,142 million. The improvement was seen in all of the sub-segments.

Commercial Clients posted a modest rise in net interest income of EUR 30 million to EUR 1,305 million in 2015. Margins on loans and average deposit volumes increased, while deposit margins decreased compared with 2014. Average loan volumes decreased partly due to the reallocation of part of the public sector loan portfolio to Group Functions.

Net interest income in International Clients increased by EUR 61 million to EUR 709 million, benefiting from growth in the ECT Clients loan portfolio which was due partly to the devaluation of the euro. This was partly offset by lower margins on deposits.

Net interest income in Capital Markets Solutions improved by 33% to EUR 127 million, mainly in Clearing on the back of higher average client financing and higher margins, due partly to the depreciation of the euro.

Net fee and commission income

Net fee and commission increased by EUR 105 million as compared with 2014 to EUR 751 million. Fee growth was mainly driven by higher transaction volumes in Capital Markets Solutions resulting from increased volatility in the financial markets and higher fees received from Group Functions related to Securities financing activities.

Other operating income

Other operating income went up by EUR 54 million to EUR 227 million in 2015. The increase was driven by a EUR 116 million higher CVA/DVA/FVA impact compared with 2014, which included first-time application of the FVA. The total CVA/DVA/FVA impact was EUR 49 million positive in 2015 versus EUR 67 million negative in 2014. Results further improved driven by higher tax-exempt results on the Equity Participations portfolio on the back of improved market conditions. This was partly offset by a provision for an identified group of SMEs with possible interest rate derivative-related issues. Clearing recorded a EUR 40 million gain in 2014 on the partial sale of the share in Holland Clearing House.

Personnel expenses

Personnel expenses amounted to EUR 676 million in 2015, up by EUR 58 million compared with 2014. Personnel expenses increased due to pension expenses, restructuring provisions and higher personnel expenses for the international activities driven by growth in FTE and the depreciation of the euro.

Other expenses

Other expenses grew by EUR 148 million as compared with 2014. The regulatory levies in 2015 were EUR 73 million higher as compared with 2014 (EUR 122 million in 2015 versus EUR 49 million in 2014). In addition, there were higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including the TOPS 2020 programme).

Operating result

Operating result went up by EUR 75 million to EUR 1,180 million in 2015. The underlying cost/income ratio in 2015 increased 1.1 percentage point to 62.2% as compared with 2014.

Impairment charges on loans and other receivables

Impairment charges amounted to EUR 419 million, down by EUR 298 million as compared with 2014. The decrease in impairment charges at Commercial Clients in 2015 was partly offset by the increase at International Clients. An IBNI release of EUR 125 million was included for Corporate Banking in 2015, compared with a EUR 25 million release in 2014.

Loans and receivables – customers

Loans and receivables – customers decreased by EUR 4.4 billion to EUR 80.6 billion at 31 December 2015. The underlying growth, mainly in ECT on the back of the depreciation of the euro, was more than offset by the reallocation of part of the public sector loan portfolio from Corporate Banking to Group Functions and a reclassification from Loans and receivables – customers to Loans and receivable – banks within the ECT Clients portfolio.

Due to customers

Due to customers increased by EUR 8.2 billion to EUR 62.9 billion at 31 December 2015. Commercial Clients, International Clients and Capital Markets Solutions all contributed to this increase.

Corporate Banking—Commercial Clients

The table below summarises the Commercial Clients business results for the years ended 31 December 2015 and 31 December 2014.

Corporate Banking—Commercial Clients: Selected Financial Information

	Year ended 31 December	
	2015	**2014**
	(in millions of euros)	
Net interest income	1,305	1,275
Net fee and commission income	205	196
Other operating income	13	30
Operating income	*1,524*	*1,502*
Operating expenses	861	788
Operating result	***663***	***713***
Impairment charges on loans and other receivables	213	605
Operating profit/(loss) before taxation	***450***	***108***
Income tax expense	121	27
Underlying profit/(loss) for the period	**329**	**82**
Special items	—	—
Reported profit/(loss) for the period	**329**	**82**

	Year ended 31 December	
	2015	**2014**
Underlying cost/income ratio (in %)	56.5%	52.5%
Underlying cost of risk[(1) (2)] (in bps)	53	145

(1) Annualised impairment charges on Loans and receivables - customers for the period divided by average Loans and receivables – customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

(2) For management view purposes, the historical periods before 31 December 2016 have **not** been adjusted for the revised accounting relating to the netting.

	As at 31 December	
	2015	**2014**
Loans and receivables – customers (excluding netting adjustment, in billions)[(1)]	35.3	38.1
Due to customers (excluding netting adjustment, in billions)[(1)(2)]	34.8	31.7
Risk weighted assets (risk exposure amount; in billions)	21.5	20.8

(1) For management view purposes, these 2015 figures have **not** been adjusted for the revised accounting relating to the netting.

(2) Due to customers included an internal transfer of deposits from Commercial clients to Capital Markets Solutions (mainly Q1 2016).

Corporate Banking—International Clients

The table below summarises the International Clients business results for the years ended 31 December 2015 and 31 December 2014.

Corporate Banking—International Clients: Selected Financial Information

	Year ended 31 December	
	2015	**2014**
	(in millions of euros)	
Net interest income	709	648
Net fee and commission income	232	217
Other operating income	104	3
Operating income	*1,044*	*868*
Operating expenses	522	456
Operating result	***522***	***412***
Impairment charges on loans and other receivables	191	113
Operating profit/(loss) before taxation	***331***	***299***
Income tax expense	40	67
Underlying profit/(loss) for the period	**292**	**232**
Special items	—	—
Reported profit/(loss) for the period	**292**	**232**

	Year ended 31 December	
	2015	**2014**
Underlying cost/income ratio	50.0%	52.6%
Underlying cost of risk[(1)(2)] (in bps)	56	40

(1) Annualised impairment charges on loans and receivables - customers for the period divided by average loans and receivables – customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.
(2) For management view purposes, these 2015 figures have **not** been adjusted for the revised accounting relating to the netting.

	As at 31 December	
	2015	**2014**
Loans and receivables - customers (excluding netting adjustment, in billions)[(1)]	32.2	32.2
Due to customers (excluding netting adjustment, in billions)[(1)(2)]	19.0	16.7
Risk-weighted assets (in risk exposure amount, in billions)	22.6	19.9

(1) For management view purposes, these 2015 figures have **not** been adjusted for the revised accounting relating to the netting.
(2) Due to Customers included an internal transfer of deposits from International Clients to Capital Markets Solutions (mainly Q1 2016).

Corporate Banking—Capital Markets Solutions

The table below summarises the Capital Markets Solutions business results for the years ended 31 December 2015 and 31 December 2014.

Corporate Banking—Capital Markets Solutions: Selected Financial Information

	Year ended 31 December	
	2015	**2014**
	(in millions of euros)	
Net interest income	127	96
Net fee and commission income	314	233
Other operating income	110	140
Operating income	*551*	*469*
Operating expenses	555	489
Operating result	***-3***	***-20***
Impairment charges on loans and other receivables	15	-1
Operating profit/(loss) before taxation	***-18***	***-19***
Income tax expense	6	-4
Underlying profit/(loss) for the period	**-24**	**-15**
Special items	—	—
Reported profit/(loss) for the period	**-24**	**-15**

	Year ended 31 December	
	2015	2014
Underlying cost/income ratio (in %)	100.6%	104.3%
Underlying cost of risk[1] (in bps)	9	-1

[1] Annualised impairment charges on loans and receivables – customers for the period divided by the average loans and receivables – customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

	As at 31 December	
	2015	2014
Financial assets held for trading (in billions)	1.7	8.9
Loans and receivables customers (in billions)	13.1	14.7
Financial liabilities held for trading (in billions)	0.5	3.8
Due to customers[1] (in billions)	9.1	6.3
Risk weighted assets (risk exposure amount, in billions)	11.0	12.8

[1] Due to customers included an internal transfer of both Commercial Clients and international Clients to Capital Markets Solutions (mainly Q1 2016).

Group Functions

Group Functions consists of various departments that provide essential support to the business segments. Its departments include Finance, Risk Management & Strategy ("**RM&S**"), People, Regulations & Identity, Technology ("**PR&I**"), Operations & Property Services ("**TOPS**"), Group Audit and the Corporate Office. The majority of the costs of Group Functions are allocated to the business segments. Items not allocated to the business segments include operating results from specific (commercial) activities and specific one-off items (individually determined).

The table below summarises the Group Functions results for the years ended 31 December 2015 and 31 December 2014.

Group Functions: Selected Financial Information

	Year ended 31 December	
	2015	2014
	(in millions of euros)	
Net interest income	44	28
Net fee and commission income	-68	-21
Other operating income	197	75
Operating income	*172*	*82*
Personnel expenses	828	758
Other expenses	-695	-641
Operating expenses	133	117
Operating result	***39***	***-35***
Impairment charges on loans and other receivables	-8	-28
Operating profit/(loss) before taxation	***48***	***-7***
Income tax expense	160	-21
Underlying profit/(loss) for the period	**-112**	**14**
Special items	—	-417
Reported profit/(loss) for the period	**-112**	**-402**

	As at 31 December	
	2015	2014
Securities financing – assets	15.5	14.5
Loans and receivables - customers (in billions)	7.9	4.2
Securities financing – liabilities	10.2	12.6
Due to customers (in billions)	2.3	2.5
Risk weighted assets (risk exposure amount; in billions)	9.9	11.0
FTEs	7,522	7,362

Underlying profit/(loss) for the period

The underlying result of Group Functions was EUR 112 million negative in 2015 as compared with a profit of EUR 14 million in 2014. This was impacted by a tax-exempt provision related to the in 2009 discontinued part of the Securities financing activities.

Net interest income

Net interest income increased by EUR 16 million as compared with 2014. The increase was mainly driven by lower funding costs due to lower spread levels paid on funding. This was partly offset by higher cash level in the liquidity buffer, higher client funding volumes and a tax-exempt non-recurring provision related to the part of the Securities financing activities discontinued in 2009.

Net fee and commission income

Net fee and commission income decreased by EUR 47 million, mainly driven by higher fees paid to Capital Markets Solutions related to Securities financing activities.

Other operating income

Other operating income increased by EUR 122 million compared with 2014. The increase was driven by higher hedge accounting-related results and favourable CVA/DVA adjustments (EUR 27 million positive in 2015 and EUR 9 million positive in 2014). This was partly offset by a tax-exempt provision related to the part of the Securities financing activities discontinued in 2009.

Personnel expenses

Personnel expenses, at EUR 828 million in 2015, went up by EUR 70 million as compared with 2014. This increase was driven by an increase in the number of FTEs and higher additions to restructuring provisions, and the fact that 2014 was positively impacted by adjustments to employee benefits.

Other expenses

Other expenses decreased by EUR 54 million as compared with the same period in 2014. Group Functions had higher project costs related to enhancing client centricity and continuous improvement of products, services and IT processes (including the TOPS 2020 and Retail Digitalisation programmes). This was, however, largely allocated to the commercial segments (as negative expenses). Other expenses in 2015 were also impacted by a considerable VAT refund, which was the result of discussions with the tax authorities related to the period 2007-2014. This was partly offset by the EUR 55 million settlement with Vestia. Both years were impacted by releases related to the Deposit Guarantee Scheme provision for DSB (EUR 35 million in 2015 compared with EUR 66 million in 2014) and cost savings generated by the TOPS 2020 programme.

4.6 Other references

Liquidity and Funding

Please see "*Annual Report 2016 – Risk, funding & capital management – Funding & liquidity risk management*" and "*Annual Report 2016 - Risk, funding & capital review – Liquidity risk & Funding*" in the Risk, funding & capital section of the Annual Report 2016, which has been incorporated by reference herein.

Risk Management and Review

Please see " *Annual Report 2016 – Risk, funding & capital management*" and "*Risk, funding & capital review* " in the Risk, funding & capital section of the Annual Report 2016, which has been incorporated by reference herein.

Capital Management

Please see "*Annual Report 2016 – Risk, funding & capital management – Capital management*" in the Risk, funding & capital section of the Annual Report 2016, which has been incorporated by reference herein.

Critical Accounting Policies

Please see "*Annual Report 2016 - Notes to the Annual Financial Statements – 1 Accounting policies*" in Annual Financial Statements of the Annual Report 2016, which has been incorporated by reference herein

Related Party Transactions

Please see "*Annual Report 2016 - Notes to the Annual Financial Statements – 35 Related parties*" in Annual Financial Statements of the Annual Report 2016, which has been incorporated by reference herein.

5. SELECTED STATISTICAL INFORMATION

The reported results for the years ended and as at 31 December 2016, 2015 and 2014 included in this section were extracted from the audited Consolidated Annual Financial Statements of ABN AMRO Group N.V. Certain information in this section derived from ABN AMRO's Annual Report 2016 has been audited and is part of the Consolidated Annual Financial Statements, as permitted by IFRS 7 and IAS 1.

Set out below are certain statistical disclosures, including ABN AMRO's financial assets and liabilities held for trading, details of its loan portfolio and a maturity analysis of its assets and liabilities. This Base Prospectus has been prepared in accordance with the rules and regulations of Euronext Amsterdam and the AFM, which has disclosure requirements that are different from those of the United States. In particular, the information below is not presented in the form or with the content that would be required in an offering registered pursuant to the Securities Act.

Figures below are presented as at and for the years ended 31 December 2016, 2015 and 2014. Certain figures in this section may not add up exactly due to rounding. In addition, certain percentages in this section have been calculated using rounded figures.

As a result of an IFRIC rejection notice of 6 April 2016, ABN AMRO adjusted its accounting policy for offsetting in 2016 (Please see section 4.1 "*Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages*"). Accordingly, all 2015 figures for the line items Loans and receivables - customers and Due to customers as at 31 December 2015 have been adjusted retrospectively as a result of the change in accounting policy, unless otherwise stated. The figures as at 31 December 2014 have not been adjusted and may not be comparable to the figures as at 31 December 2015 and 2016.

5.1 Financial Assets and Liabilities Held for Trading

Please see "*Annual Report 2016 - Notes to the Annual Financial Statements – 13 Financial assets and liabilities held for trading*" in Annual Financial Statements of the Annual Report 2016, which has been incorporated by reference herein.

5.2 Loan Portfolio

Outstanding loans to banks and customers

Please see "*Annual Report 2016 - Notes to the Annual Financial Statements – 19 Loans and receivables – banks and 20 Loans and receivables - customers*" in Annual Financial Statements of the Annual Report 2016, which has been incorporated by reference herein.

Outstanding loans by industry sector

Please see "*Annual Report 2016 – Risk, funding & capital review – Credit risk – Credit risk concentration – Industry concentration*" in the Risk, funding & capital section of the Annual Report 2016, which has been incorporated by reference herein.

Outstanding sovereign and sovereign-guaranteed exposures

Please see "*Annual Report 2016 – Risk, funding & capital – Additional risk, funding & capital disclosures—European exposures*".

5.3 Credit quality of retail loans and other financial assets

Please see " *Annual Report 2016 – Risk, funding & capital review – Credit risk – Credit quality by exposure class*" in the Risk, funding & capital section of the Annual Report 2016, which has been incorporated by reference herein.

5.4 Past due credit exposure

Please see "*Annual Report 2016 – Risk, funding & capital management – Credit risk – Past due credit exposures*" in the Risk, funding & capital section of the Annual Report 2016, which has been incorporated by reference herein.

5.5 Loan impairment exposure

Loan Impairment Charges and Allowances

Total underlying impairment charges on loans and other receivables decreased by 77.1% to EUR 115 million for the year ended 31 December 2016 compared with EUR 502 million for the year ended 31 December 2015.

The tables below sets out loan impairments and allowances for the year ended 31 December 2016:

	Securities financing	Banks	Corporate loans[16]	Residential mortgages	Consumer loans	Other Loans	Total
			(in million of euros)				
Balance at 1 January 2016	**11**	**2**	**3,470**	**324**	**561**	**1**	**4,368**
Impairment charges for the period		2	886	115	184	2	1,189
Reversal of impairment allowances no longer required	(2)	(2)	(828)	(34)	(127)		(993)
Recoveries of amounts previously written off			(17)	(24)	(40)		(82)
Total impairment charges on loans and other receivables	**(2)**		**42**	**56**	**17**	**2**	**115**
Amount recorded in interest income from unwinding of discounting			(47)	(40)	(8)		(94)
Currency translation differences			20				20
Amounts written off (net)	(8)		(595)	(89)	(146)		(837)
Reserve for unearned interest accrued on impaired loans			76	2	14		92
Other adjustments			7	5	(5)	(1)	6
Balance as at 31 December 2016		**3**	**2,973**	**258**	**433**	**2**	**3,670**
of which:							
Individual impairment			2,583	51	150		2,785
Collective impairment		3	390	207	283	2	885
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance			6,695	1,257	738	222	8,912

Loan Impairment Charges and Allowances

Total underlying impairment charges on loans and other receivables decreased by 57% to EUR 502 million for the year ended 31 December 2015 compared with EUR 1,168 million for the year ended 31 December 2014.

The tables below sets out loan impairments and allowances for the year ended 31 December 2015:

	Securities financing	Banks	Corporate loans[17]	Residential mortgages[18]	Consumer loans	Other Loans	Total
Balance at 1 January 2015	**11**		**3,439**	**538**	**654**	**129**	**4,771**
Impairment charges for the period		1	1,096	137	160		1,394
Reversal of impairment allowances no longer required			(643)	(99)	(76)		(818)
Recoveries of amounts previously written off			(7)	(25)	(42)		(74)
Total impairment charges on loans and other receivables			**446**	**14**	**43**		**502**
Amount recorded in interest income from unwinding of discounting			(45)	(50)	(10)		(105)
Currency translation differences	1		79			2	82
Amounts written off (net)			(629)	(174)	(150)		(953)
Reserve for unearned interest accrued on impaired loans			59		12		71

16 Corporate loans includes Financial lease receivables and Factoring.

17 Corporate loans includes Financial lease receivables and Factoring.

18 As of 30 September 2016 ABN AMRO aligned the definition of default and impaired. Comparative figures for 2015 have been adjusted excluding the reclassification from IBNI to allowances for impairments for identified credit risk within residential mortgages.

	Securities financing	Banks	Corporate loans[17]	Residential mortgages[18]	Consumer loans	Other Loans	Total
Other adjustments		2	123	(5)	12	(131)	-
Balance as at 31 December 2015	**11**	**2**	**3,470**	**324**	**561**	**1**	**4,368**
of which:	**11**	**2**	**2,860**	**16**	**197**		**3,085**
Individual impairment							
Collective impairment		1	610	307	364	1	1,283
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	11	2	6,179	1,511	1,028	318	9,049

Loan Impairment Charges and Allowances

The tables below sets out loan impairments and allowances for the year ended 31 December 2014:

	Securities financing	Banks	Corporate loans	Residential mortgages[1]	Consumer loans	Other loans	Total
			(in millions of euros)				
Balance at 1 January 2014	**24**		**3,672**	**585**	**612**	**106**	**4,999**
Impairment charges for the period	1		1,289	436	340	70	2,135
Reversal of impairment allowances no longer required	(16)		(562)	(228)	(81)	(21)	(908)
Recoveries of amounts previously written off	-		(13)	(11)	(36)		(60)
Total impairment charges on loans and other receivables	**(15)**		**714**	**197**	**223**	**49**	**1,168**
Amount recorded in interest income from unwinding of discounting	-		(47)	(66)	(11)		(125)
Currency translation differences	2		67	-	-	2	71
Amounts written off (net)	-		(984)	(196)	(182)	(27)	(1,389)
Reserve for unearned interest accrued on impaired loans	-		37	39	(10)		65
Other adjustments	-		(19)	(20)	22		(17)
Balance as at 31 December 2014	**11**		**3,439**	**538**	**654**	**129**	**4,771**
of which:							
Individual impairment	10		2,733	26	223	114	3,106
Collective impairment	1		705	512	431	16	1,665
Carrying amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	10		4,989	1,478	868	265	7,611

(1) As of 30 September 2016 ABN AMRO aligned the definition of default and impaired. Comparative figures for 2014 have not been adjusted and therefore are not comparable to the 2015 and 2016 figures.

5.6 Due to Banks and Customers

Please see "*Annual Report 2016 - Notes to the Annual Financial Statements – 26 Due to banks and 27 Due to customers*" in Annual Financial Statements of the Annual Report 2016, which has been incorporated by reference herein.

5.7 Maturity Analysis of Assets and Liabilities

The following tables show the financial assets and liabilities for 2016, 2015 and 2014 arranged by the earliest possible contractual maturity. This picture is not consistent with how ABN AMRO views and manage liquidity, as it does not take expected client behaviour and other factors into account. Most notably, this table does not reflect prepayment of mortgages and other loans and the fact that the behavioural maturities of client deposits are not in line with the contractual maturities. Financial investments relate to the liquidity buffer and can be liquidated quickly despite the longer contractual maturity.

Contractual maturity of assets and liabilities

	As at 31 December 2016								
	Up to one month	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)								
Assets									
Cash and balances at central banks	21,861	-	-	-	-	-	-	-	21,861
Financial assets held for trading	1,607	-	-	-	-	-	-	-	1,607
Derivative	571	937	510	442	766	3,440	7,718	-	14,384
Financial investments	1,866	2,697	1,450	2,564	2,840	10,534	22,318	1,227	45,497
Securities financing	14,106	2,681	162	-	-	-	641	-	17,589
Loans and receivables – banks	7,020	1,549	563	211	300	472	3,370	-	13,485
Loans and receivables – customers	24,871	10,047	2,715	6,627	25,109	25,490	172,819	-	267,679
Other assets	4,887	997	279	753	258	230	418	4,558	12,380
Total assets	**76,789**	**18,908**	**5,679**	**10,596**	**29,272**	**40,167**	**207,285**	**5,785**	**394,482**
Liabilities									
Financial liabilities held for trading	791	-	-	-	-	-	-	-	791
Derivatives	949	870	536	484	604	2,199	8,884	-	14,526
Securities financing	9,657	942	-	10	1,017			-	11,625
Due to banks	4,106	760	424	196	59	5,105	2,770	-	13,419
Due to customers	205,314	10,785	2,188	1,950	606	2,143	5,772	-	228,758
Issued debt	5,721	9,057	6,694	6,282	7,563	21,031	24,929	-	81,278
- of which senior secured	-	1,751	260	236	2,050	7,660	17,397	-	29,354
- of which senior unsecured	1,125	1,680	308	4,543	4,763	12,870	7,528	-	32,817
- of which securitisations	-	-	500	600	750	500	-	-	2,350
- of which other	4,596	5,626	5,626	903	-	1	4	-	16,757
Subordinated liabilities	-	-	82	2,096	-	3,435	5,558	-	11,171
Other liabilities	6,808	1,843	194	139	1,307	6	52	3,627	13,976
Total liabilities	*233,344*	*24,256*	*10,117*	*11,157*	*11,157*	*33,920*	*47,965*	*3,627*	*375,544*
Total equity								18,937	18,937
Total liabilities and equity	**233,344**	**24,256**	**10,117**	**11,157**	**11,157**	**33,920**	**47,965**	**22,565**	**394,482**
Off-balance sheet liabilities									
Committed credit facilities	**27,299**	-	-	-	-	-	-	-	**27,299**
Guarantees	**2,659**	-	-	-	-	-	-	-	**2,659**
Irrevocable facilities	**6,178**	-	-	-	-	-	-	-	**6,178**
Recourse risks arising from discounted bills	**7,037**	-	-	-	-	-	-	-	**7,037**
Total off-balance sheet liabilities	**43,173**	-	-	-	-	-	-	-	**43,173**

Contractual maturity of assets and liabilities

	As at 31 December 2015								
	Up to one month	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)								
Assets									
Cash and balances at central banks	26,195	-	-	-	-	-	-	-	26,195
Financial assets held for trading	1,706	-	-	-	-	-	-	-	1,706
Derivative	720	845	349	409	1,192	3,847	11,777	-	19,138
Financial investments	980	3,898	1,924	1,028	3,050	9,039	19,641	981	40,542
Securities financing	17,006	2,335	96	-	-	625	-	-	20,062
Loans and receivables – banks	5,192	2,151	198	205	413	291	7,229	-	15,680
Loans and receivables – customers [19]	42,829	6,645	2,623	7,362	29,267	21,090	166,560	-	276,375
Other assets	3,463	44	6	33	350	211	1,116	2,454	7,676
Total assets	**98,090**	**15,918**	**5,195**	**9,037**	**34,272**	**35,104**	**206,332**	**3,435**	**407,373**
Liabilities									
Financial liabilities held for trading	459	-	-	-	-	-	-	-	459
Derivatives	743	793	423	387	1,175	3,291	15,613	-	22,425
Securities financing	10,252	79	1	-	1,028	11	-	-	11,372
Due to banks	4,342	1,077	541	401	32	4,446	3,790	-	14,630
Due to customers[19]	219,184	16,514	1,751	2,240	924	1,495	5,244	-	247,353
Issued debt	4,745	6,045	4,340	4,472	11,015	21,570	24,020	-	76,207
- of which senior secured	-		135	439	2,282	6,664	16,436	-	25,956
- of which senior unsecured	1,325	649	3,331	3,301	7,628	13,607	7,563	-	37,404
- of which securitisations	-	-	-	600	1,100	1,250	18	-	2,968
- of which other	3,420	5,396	874	132	5	49	3	-	9,879
Subordinated liabilities	-	-	5	-	82	114	9,507	-	9,708
Other liabilities	2,581	681	287	525	663	7	181	2,710	7,635
Total liabilities	*242,307*	*25,190*	*7,348*	*8,025*	*14,919*	*30,934*	*58,355*	*2,710*	*389,789*
Total equity								17,584	17,584
Total liabilities and equity	**242,307**	**25,190**	**7,348**	**8,025**	**14,919**	**30,934**	**58,355**	**20,295**	**407,373**
Off-balance sheet liabilities									
Committed credit facilities	**21,559**								**21,559**
Guarantees	**2,440**								**2,440**
Irrevocable facilities	**5,737**								**5,737**
Recourse risks arising from discounted bills	**5,691**								**5,691**
Total off-balance sheet liabilities	**35,427**								**35,427**

[19] These figures have been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

Contractual maturity of assets and liabilities

	As at 31 December 2014								
	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	Maturity not applicable	Total
	(in millions of euros)								
Assets									
Cash and balances at central banks	706	-	-	-	-	-	-	-	706
Financial assets held for trading	9,017	-	-	-	-	-	-	-	9,017
Derivative	19,826	11	34	293	167	959	3,995	-	25,285
Financial investments	637	1,336	4,119	3,399	2,510	8,305	20,628	531	41,466
Securities financing	14,856	2,316	628	-	96	615	-	-	18,511
Loans and receivables – banks	10,672	556	262	402	154	331	9,303	-	21,680
Loans and receivables – customers[20]	18,218	13,324	3,788	14,468	20,952	21,307	169,851	-	261,910
Other assets	2,978	199	1,585	596	223	205	1,393	1,112	8,292
Total assets	**76,911**	**17,742**	**10,417**	**19,158**	**24,101**	**31,723**	**205,171**	**1,643**	**386,867**
Liabilities									
Financial liabilities held for trading	3,759	-	-	-	-	-	-	-	3,759
Derivatives	18,262	20	71	145	387	1,813	9,750	-	30,449
Securities financing	11,285	1,551	82	-	-	1,000	-	-	13,918
Due to banks	5,910	925	441	258	105	4,372	3,732	-	15,744
Due to customers[20]	193,014	11,564	1,957	2,314	1,577	1,681	3,904	-	216,011
Issued debt	3,499	8,195	3,688	4,995	11,554	21,340	23,859	-	77,131
- of which senior secured	-	-	-	2,961	558	6,387	17,171	-	27,077
- of which senior unsecured	1,139	2,172	473	782	8,396	12,603	6,687	-	32,252
- of which securitisations	-	3,171	378	500	2,600	2,350	-	-	9,000
- of which other	2,360	2,852	2,837	753		-	-	-	8,802
Subordinated liabilities	3	-	-	-	1,304	3,605	3,415	-	8,328
Other liabilities	1,969	150	439	479	580	5	335	2,695	6,652
Total liabilities	*237,701*	*22,405*	*6,679*	*8,191*	*15,508*	*33,816*	*44,995*	*2,695*	*371,990*
Total equity	-	-	-	-	-	-	-	14,877	14,877
Total liabilities and equity	**237,701**	**22,405**	**6,679**	**8,191**	**15,508**	**33,816**	**44,995**	**17,572**	**386,867**
Off-balance sheet liabilities									
Committed credit facilities	16,164	-	-	-	-	-	-	-	16,164
Guarantees	2,592	-	-	-	-	-	-	-	2,592
Irrevocable facilities	5,499	-	-	-	-	-	-	-	5,499
Recourse risks arising from discounted bills	7,243	-	-	-	-	-	-	-	7,243
Total off-balance sheet liabilities	**31,498**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**31,498**

The next tables provide a maturity analysis of the earliest contractual undiscounted cash flows for assets and liabilities. Financial assets and liabilities held for trading are recorded within on demand at fair value. The Company believes this best represents the short-term nature and the cash flows of these activities. The contractual maturity of the instruments may however extend over significantly longer periods.

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2016:

Maturity based on contractual undiscounted cash flows

	As at 31 December 2016										
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	Maturity not applicable	Total
	(in millions of euros)										
Assets											
Cash and balances at central banks	21,861	-	-	-	-	-	-	-	-	-	21,861
Financial assets held for trading	1,607	-	-	-	-	-	-	-	-	-	1,607
Derivatives	-	508	219	238	357	530	1,229	3,119	2,395		8,596
Financial investments	384	-	1,510	2,804	1,700	3,006	3,602	12,205	23,552	1,227	49,991
Securities financing	9,412	-	4,697	2,685	164	4	8	20	661	-	17,652
Loans and receivables – banks	2,655	-	4,371	1,563	590	256	380	654	3,537	-	14,006
Loans and receivables – customers	11,160	-	14,067	11,382	5,928	12,557	35,092	48,090	193,456	-	331,731
Other assets	3,771	-	1,118	1,001	285	760	266	248	431	4,558	12,438
Total undiscounted assets	**50,850**	**508**	**25,982**	**19,673**	**9,024**	**17,114**	**40,578**	**64,334**	**224,032**	**5,785**	**457,881**
Gross settled derivatives not held for trading:											
Contractual amounts receivable	-	-	8	6	13	27	51	48	21	-	175
Contractual amounts payable	-	-	6	4	10	19	37	63	31	-	170
Total undiscounted gross settled derivatives not held for trading	**-**	**-**	**1**	**2**	**4**	**8**	**14**	**(15)**	**(9)**	**-**	**5**
Net settled derivatives not held for trading	-	-	217	236	352	522	1,216	3,129	2,332	-	8,004

[20] The figures for the line items Loans and receivables – customers and Due to customers as at 31 December 2014 have not been adjusted and may not be comparable to the line items Loans and receivables – customers and Due to customers as at 31 December 2015 and 2016.

	As at 31 December 2016										
	On demand	**Trading derivatives**	**Up to one month**	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)										
Liabilities											
Financial liabilities held for trading	791	-	-	-	-	-	-	-	-		791
Derivatives		833	249	232	384	756	1,410	3,239	7,337	-	14,440
Securities financing	7,959	-	1,699	944	3	16	1,018	-	-	-	11,639
Due to banks	1,634	-	2,476	775	459	261	179	5,354	2,872	-	14,011
Due to customers	130,220	-	75,116	10,803	2,212	1,987	667	2,278	5,877	-	229,160
Issued debt	2,330	-	3,457	9,302	7,219	7,150	8,949	23,977	26,711	-	89,095
Subordinated liabilities	-	-	22	88	302	2,450	639	4,825	6,503	-	14,830
Other liabilities	1,024	-	5,785	1,845	197	143	1,308	7	53	3,627	13,989
Total liabilities	*143,958*	*833*	*88,805*	*23,988*	*10,777*	*12,762*	*14,170*	*39,681*	*49,354*	*3,627*	*387,955*
Gross settled derivatives not held for trading:											
Contractual amounts receivable	-	-	8	24	32	63	84	103	12	-	326
Contractual amounts payable	-	-	16	10	27	53	63	96	8	-	274
Total undiscounted gross settled derivatives not held for trading	**-**	**-**	**8**	**(13)**	**(5)**	**(10)**	**(21)**	**(7)**	**(4)**	**-**	**(52)**
Net settled derivatives not held for trading	-	-	240	209	389	725	1,401	3,130	6,023	-	12,115
Net liquidity gap	**(93,108)**	**(324)**	**(62,823)**	**(4,315)**	**(1,753)**	**4,352**	**26,407**	**24,653**	**174,679**	**2,158**	**69,926**
Off balance sheet liabilities:											
Committed credit facilities	27,299										27,299
Guarantees	2,659										2,659
Irrevocable facilities	6,178										6,178
Recourse risks arising from discounted bills	7,037										7,037
Total off-balance sheet liabilities	**43,173**										**43,173**

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2015:

Maturity based on contractual undiscounted cash flows

	As at 31 December 2015										
	On demand	**Trading derivatives**	**Up to one month**	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicabl e**	**Total**
	(in millions of euros)										
Assets											
Cash and balances at central banks	26,195	-	-	-	-	-	-	-	-	-	26,195
Financial assets held for trading	1,706	-		-	-	-	-	-	-	-	1,706
Derivatives[21]		223	173	287	412	497	1,278	3,225	3,487	-	9,582
Financial investments	50	-	957	4,003	2,157	1,448	3,769	10,613	20,810	981	44,789
Securities financing	12,781	-	4,227	2,339	98	4	8	639	-	-	20,097
Loans and receivables – banks	2,859	-	2,340	2,174	246	294	571	657	7,591	-	16,731
Loans and receivables – customers[22]	29,408	-	13,800	8,071	6,090	13,742	39,741	44,835	188,579	-	344,266
Other assets	2,570		894	46	11	43	365	245	1,147	2,454	7,775
Total undiscounted assets	**75,569**	**223**	**22,392**	**16,919**	**9,015**	**16,029**	**45,733**	**60,214**	**221,613**	**3,435**	**471,140**
Gross settled derivatives not held for trading:											
Contractual amounts receivable	-	-	15	5	20	55	76	128	137	-	436
Contractual amounts payable	-	-	11	3	14	27	41	68	9	-	174
Total undiscounted gross settled derivatives not held for trading	**-**	**-**	**4**	**2**	**6**	**28**	**35**	**60**	**128**	**-**	**262**
Net settled derivatives not held for trading	-	-	169	285	406	469	1,241	3,164	3,286	-	9,020
Liabilities	-	-								-	
Financial liabilities held for trading	459	-	-	-	-	-	-	-	-	-	459
Derivatives[23]	-	249	250	194	472	694	1,440	3,213	7,979	-	14,491
Securities financing	9,521	-	732	81	5	6	1,029	11	-	-	11,385
Due to banks[23]	1,979	-	2,371	1,100	590	490	197	4,795	3,972	-	15,494
Due to customers[24]	163,251	-	55,963	16,548	1,790	2,295	1,011	1,689	5,404	-	247,952

21 As of year-end 2016, a redefined methodology for contractual amount of Gross settled derivatives not held for trading has been applied. The 2015 figures have been adjusted.

22 These figures have been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

23 As of year-end 2016, a redefined methodology for contractual amount of Gross settled derivatives not held for trading has been applied. The 2015 figures have been adjusted.

	As at 31 December 2015										
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	Maturity not applicabl e	Total
	(in millions of euros)										
Issued debt	2,082	-	2,726	6,284	4,879	5,403	12,430	24,553	25,775	-	84,132
Subordinated liabilities	-	-	20	79	201	374	784	1,749	11,165	-	14,372
Other liabilities	1,218	-	1,364	682	288	527	664	8	182	2,710	7,642
Total liabilities	*178,509*	*249*	*63,426*	*24,967*	*8,225*	*9,788*	*17,557*	*36,017*	*54,478*	*2,710*	*395,927*
Gross settled derivatives not held for trading:											
Contractual amounts receivable	-	-	13	24	23	61	109	133	53	-	416
Contractual amounts payable	-	-	16	3	19	38	64	57	38	-	235
Total undiscounted gross settled derivatives not held for trading	**-**	**-**	**3**	**(21)**	**(5)**	**(23)**	**(45)**	**(76)**	**(15)**	**-**	**(182)**
Net settled derivatives not held for trading	-	-	248	215	461	676	1,422	3,227	6,864	-	13,111
Net liquidity gap	**(102,941)**	**(26)**	**(41,033)**	**(8,048)**	**789**	**6,240**	**28,176**	**24,196**	**167,135**	**725**	**75,213**
Off balance sheet liabilities:											
Committed credit facilities	21,559	-	-	-	-	-	-	-	-	-	21,559
Guarantees	2,440	-	-	-	-	-	-	-	-	-	2,440
Irrevocable facilities	5,737	-	-	-	-	-	-	-	-	-	5,737
Recourse risks arising from discounted bills	5,691	-	-	-	-	-	-	-	-	-	5,691
Total off-balance sheet liabilities	**35,427**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35,427**

Maturity based on contractual undiscounted cash flows for the year ending 31 December 2014:

Maturity based on contractual undiscounted cash flows

	As at 31 December 2014										
	On demand	Trading derivatives	Up to one month	Between one and three months	Between three and six months	Between six and twelve months	Between one and two years	Between two and five years	More than five years	Maturity not applicable	Total
	(in millions of euros)										
Assets											
Cash and balances at central banks	611	-	95	-	-	-	-	-	-	-	706
Financial assets held for trading	9,017	-	-	-	-	-	-	-	-	-	9,017
Derivatives[25]	-	19,730	84	219	83	582	786	1,857	2,195	-	25,535
Financial investments	-	-	668	1,456	4,395	3,857	3,294	10,036	22,499	-	46,205
Securities financing	126	-	14,740	2,323	634	8	109	639	-	-	18,579
Loans and receivables – banks	8,372	-	2,305	574	304	479	296	660	9,630	-	22,620
Loans and receivables – customers[25]	315	-	18,331	14,899	7,530	21,165	32,294	47,090	193,785	-	335,411
Other assets	352	-	2,627	203	1,592	604	235	234	1,419	1,113	8,380
Total undiscounted assets	*18,794*	*19,730*	*38,851*	*19,674*	*14,539*	*26,694*	*37,014*	*60,515*	*229,529*	*1,113*	*466,453*
Gross settled derivatives not held for trading:											
Contractual amounts receivable	-	-	25	42	29	77	142	301	174		790
Contractual amounts payable	-	-	6	13	17	28	57	110	29		260
Total undiscounted gross settled derivatives not held for trading	**-**	**-**	**19**	**28**	**12**	**49**	**85**	**191**	**145**	**-**	**530**
Net settled derivatives not held for trading	-	-	65	191	58	529	693	1,653	1,990	-	5,178
Liabilities											
Financial liabilities held for trading	3,759	-	-	-	-	-	-	-	-	-	3,759
Derivatives[25]	-	18,203	115	162	475	593	1,163	2,562	6,323	-	29,597
Securities financing	49	-	11,243	1,555	88	10	19	1,036	-	-	13,999
Due to banks[25]	1,974	-	3,943	946	489	345	267	4,712	3,910	-	16,586
Due to customers[25]	64,330	-	128,752	11,600	2,003	2,378	1,668	1,878	4,053	-	216,662
Issued debt	63	-	3,512	8,477	4,312	6,072	13,169	24,741	25,864	-	86,210
Subordinated liabilities	-	-	19	62	156	296	1,781	4,602	3,949	-	10,864
Other liabilities	1,341	-	629	151	442	482	582	9	339	2,696	6,670
Total liabilities	*71,517*	*18,203*	*148,212*	*22,954*	*7,965*	*10,176*	*18,648*	*39,540*	*44,439*	*2,696*	*384,348*
Gross settled derivatives not held for trading:											
Contractual amounts receivable	-	-	8	1	8	17	31	30	5	-	100
Contractual amounts payable	-	-	4	2	2	30	34	34	7	-	112
Total undiscounted gross settled derivatives not held for trading	**-**	**-**	**(4)**	**-**	**(6)**	**14**	**3**	**4**	**1**	**-**	**12**

24 These figures have been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".

25 The figures as at 31 December 2014 have not been adjusted and may not be comparable to the line items as at 31 December 2015 and 2016.

	As at 31 December 2014										
	On demand	**Trading derivatives**	**Up to one month**	**Between one and three months**	**Between three and six months**	**Between six and twelve months**	**Between one and two years**	**Between two and five years**	**More than five years**	**Maturity not applicable**	**Total**
	(in millions of euros)										
Net settled derivatives not held for trading	-	-	119	158	455	548	1,098	2,459	5,270	-	10,106
Net liquidity gap	**(52,723)**	**1,527**	**(109,361)**	**(3,280)**	**6,574**	**16,518**	**18,367**	**20,975**	**185,090**	**(1,583)**	**82,105**
Off balance sheet liabilities:											
Committed credit facilities	16,164	-	-	-	-	-	-	-	-	-	16,164
Guarantees	2,592	-	-	-	-	-	-	-	-	-	2,592
Irrevocable facilities	5,499	-	-	-	-	-	-	-	-	-	5,499
Recourse risks arising from discounted bills	7,243	-	-	-	-	-	-	-	-	-	7,243
Total off-balance sheet liabilities	**31,498**	**-**	**-**	**-**	**-**		**-**		**-**	**-**	**31,498**

BOOK ENTRY, DELIVERY, FORM AND SETTLEMENT

Form of the Notes and registration

General

The Notes may be offered (i) within the United States to QIBs as defined in Rule 144A of the Securities Act in reliance upon the exemption from registration requirements of the Securities Act provided by Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act only, (ii) outside the United States in an offshore transaction to a non-U.S. person within the meaning of Regulation S in accordance with Rule 903 and 904 of Regulation S under the Securities Act or (iii) simultaneously within the United States to QIBs as defined in Rule 144A of the Securities Act in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and outside the United States in an offshore transaction to a non-U.S. person within the meaning of Regulation S in accordance with Rule 903 and 904 of Regulation S under the Securities Act as part of a global offering. Upon issue, Notes will be represented initially by one or more global certificates in fully registered form (each, a "**Global Certificate**") without receipts, interest coupons or talons.

If the Notes are stated in the relevant Final Terms to be held under the NSS, they are intended to be eligible collateral for Eurosystem monetary policy and the Euro Regulations Global Certificates representing such Notes will be delivered on or prior to the original issue date of the Tranche to a common safekeeper. Depositing the Euro Regulations Global Certificates with the common safekeeper does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Notes sold pursuant to an offering made in the United States only will be represented by one or more Global Certificates deposited with the U.S. Registrar (in such capacity, the "**Custodian**") as custodian for, and registered in the name of a nominee of, DTC as depositary (each Global Certificate so deposited and registered is referred to herein as a "**Rule 144A Global Certificate**").

Notes sold pursuant to an offering made outside the United States only will be represented by one or more Global Certificates registered by the European Registrar (which initially is The Bank of New York Mellon SA/NV, Luxembourg Branch) in a register (the "**European Register**") in the name of, or the name of a nominee of, and deposited with (i) in the case of Notes held under the NSS, the common safekeeper, and (ii) in the case of Notes not held under NSS, the European Registrar (in such capacity, the "**Depositary**") as common depositary for, Euroclear and/or Clearstream, Luxembourg (each Global Certificate so deposited and registered is referred to herein as a "**Euro Regulation S Global Certificate**"). The European Registrar will cause the European Register to be kept initially at its offices in Luxembourg, in which, subject to such reasonable regulations it may prescribe, the European Registrar will provide for the registration of Euro Regulation S Global Certificates, any Definitive Notes related thereto and any transfers thereof. The Issuer reserves the right to transfer such registration function to another bank or financial institution at any time.

Notes sold pursuant to an offering made in and outside the United States simultaneously as part of a global offering may be represented either (i) solely by one or more Rule 144A Global Certificates registered in respect of Notes sold in the United States and one or more Global Certificates deposited with the U.S. Registrar as custodian for, and registered in the name of a nominee of, DTC, registered in respect of Notes sold outside the United States (each Global Certificate so deposited and registered is referred to herein as a "**DTC Regulation S Global Certificate**"; and each DTC Regulation S Global Certificate together with any Euro Regulation S Global Certificate, each a "**Regulation S Global Certificate**"; and each DTC Regulation S Global Certificate together with any Rule 144A Global Certificate, each a "**DTC Global Certificate**"), such arrangement referred to herein as a "**Single Global Note Issue**" or, alternatively (ii) by one or more Rule 144A Global Certificates so deposited and registered in respect of Notes sold in the United States, and a separate Euro Regulation S Global Certificate registered in the name of, or the name of a nominee of, and deposited with (i) in the case of Notes held under the NSS, the common safekeeper, and (ii) in the case of Notes not held under NSS, a common depositary for, Euroclear or Clearstream, Luxembourg, as the case may be, in respect of Notes sold outside the United States, such arrangement referred to herein as a "**Dual Global Note Issue**".

Notes sold to QIBs in reliance on Rule 144A (including beneficial interests in the Rule 144A Global Certificates) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "*Notice to Purchasers*".

Except as described below, owners of beneficial interests in a Global Certificate (each, a "**Beneficial Owner**") will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in individual certificated registered form (each, a "**Definitive Note**") and will not be considered the owners or holders thereof under the relevant Agency Agreement. Beneficial interests in a Global Certificate will be represented, and transfers thereof will be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners, as a direct or indirect participant in the relevant clearing system.

Investors in a global offering may elect to hold beneficial interests in a Global Certificate (a) through DTC (in the United States) if such investors are U.S. persons who are also QIBs, or (b) through Euroclear or Clearstream, Luxembourg (in Europe) if such investors are not U.S. persons (as defined in Regulation S), if they are participants in such systems, or indirectly through organizations that are participants in such systems. If the Notes sold pursuant to a global offering are part of a Single Global Note Issue, Clearstream, Luxembourg and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and/or Euroclear's names on the books of their respective U.S. depositories, which, in turn, hold such positions in customers' securities accounts in the U.S. depositories' names on the books of DTC. Citibank, N.A. acts as the U.S. depository for Clearstream, Luxembourg and JP Morgan Chase, New York acts as the U.S. depository for Euroclear (each, a "**U.S. Depositary**" and, collectively, the "**U.S. Depositaries**").

The Bank of New York Mellon, New York will serve initially as the U.S. Registrar for the Notes. In such capacity, the U.S. Registrar will cause to be kept at its offices in The City of New York, a register (the "**U.S. Register**"; the U.S. Register and the European Register are collectively referred to as the "**Registers**" and each a "**Register**") in which, subject to such reasonable regulations as it may prescribe, the U.S. Registrar will provide for the registration of Notes and of transfers thereof. The Issuer reserves the right to transfer such registration function to another bank or financial institution at any time. Subject to applicable law and the terms of the relevant Agency Agreement and the Notes, the Issuer and the Paying Agents, the Registrars and the Transfer Agent (collectively, the "**Fiscal Agents**," and each individually, a "**Fiscal Agent**") will deem and treat the registered holder or holders of Notes in the relevant Register as the absolute owner or owners thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to, or to the order of, the registered holders will be valid and effectual to discharge the liability of the Issuer and the Fiscal Agents on the Notes to the extent of the sum or sums so paid. However, for so long as the Notes are represented by a Global Certificate, each person who is for the time being shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) (in which regard any certificate or other document issued by DTC and/or Euroclear and Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Fiscal Agent as a holder of such principal amount of such Notes for all purposes other than for the payment of principal, premium (if any) and interest on such Notes, the right to which shall be vested, as against the Issuer and the Fiscal Agent, solely in the person in whose name the Global Certificate is registered in accordance with and subject to its terms, which shall be DTC, its nominee, Euroclear and/or Clearstream, Luxembourg, a nominee of Euroclear and/or Clearstream, Luxembourg or a successor to Euroclear and/or Clearstream, Luxembourg, DTC or any such nominee is the registered owner of a Global Certificate, DTC, Euroclear and/or Clearstream, Luxembourg, or any such nominee or successor, as the case may be.

Accordingly, any Beneficial Owner must rely on the procedures of DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and, if such person is not a participant in any such clearing system, on the procedures of the participant therein through which such person owns its beneficial interest, to exercise any rights of a holder of Notes. The Issuer understands that, under existing industry practices, in the event that the Issuer requests any action of holders or that Beneficial Owners desire to give or take any action which a holder is entitled to give or take under the relevant Agency Agreement, DTC, its nominee or a successor to DTC or its nominee, as the holder of the DTC Global Certificate, would authorize the participants through which the relevant beneficial interests are held (or persons holding beneficial interests in the Notes through participants) to give or take such action, and such participants

would authorize Beneficial Owners owning through such participants (or such persons holding beneficial interests in the Notes through participants) to give or take such action and would otherwise act upon the instructions given to such participants (or such persons) by such Beneficial Owners.

DTC may grant proxies or otherwise authorize its participants (or persons holding beneficial interests in the Notes through its participants) to exercise any rights of a holder or take any other actions which a holder is entitled to take under the relevant Agency Agreement or in respect of the Notes. Euroclear or Clearstream, Luxembourg, as the case may be, will take any action permitted to be taken by a holder under the relevant Agency Agreement or the Notes on behalf of a Euroclear participant or a Clearstream, Luxembourg participant only in accordance with its relevant rules and procedures and, with respect to beneficial interests in a DTC Global Certificate, subject to the common depositary's ability to effect such actions on its behalf through DTC. Because DTC can act only on behalf of its participants, who in turn act on behalf of indirect participants, the ability of a Beneficial Owner to pledge its beneficial interest in the Notes to persons or entities that do not participate in the DTC system or otherwise take action in respect of such beneficial interest, may be limited by the lack of a definitive certificate for such beneficial interest. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a DTC Global Certificate.

Principal of, and premium, if any, and interest on, the Notes are payable to the persons in whose names the Notes are registered on the Record Date (as defined in the applicable Terms and Conditions) preceding any Interest Payment Date or at Maturity, as the case may be. Ownership positions within each clearing system will be determined in accordance with the normal conventions observed by such system. The U.S. Paying Agent and the European Paying Agent will act as the Issuer's paying agents for the Notes pursuant to the relevant Agency Agreement. Principal and interest payments on a Global Certificate will be made to DTC, its nominee or a nominee of Euroclear and/or Clearstream, Luxembourg, as the case may be (or to any successor to DTC or any such nominee), as the registered holder of the Global Certificate representing such Notes. Neither the Issuer nor any agent of the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Upon receipt of any payment of principal of, or premium, if any, or interest on, a DTC Global Certificate, the Issuer expects that DTC will credit its participants' accounts with payment in amounts proportionate to their respective beneficial interests in the principal amount of such DTC Global Certificate as shown on the records of DTC. Payments by such participants to owners of beneficial interests in the DTC Global Certificate held through such participants will be the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in a "street name". Distributions with respect to Notes held through Euroclear and/or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants (as defined below) and/or Clearstream, Luxembourg participants (as defined below) in accordance with the relevant system's rules and procedures, to the extent received by the Depositary.

Exchange of Global Certificates for Definitive Notes

Unless otherwise provided in the applicable Pricing Term Sheet and/or Final Terms, beneficial interests in a Global Certificate will be exchangeable for Definitive Notes, only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Certificate, DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the DTC Global Certificate or DTC ceases to be a clearing agency registered under the Exchange Act, if so required by applicable law or regulation, and, in either case, a successor depositary is not appointed by the Issuer within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, (ii) in the case of any other Global Certificate, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and a successor or successors is or are not appointed by the Issuer within 90 days from the commencement of such closure, announcement or cessation of business, (iii) the Issuer, in its discretion, elects to issue Definitive Notes for a specific issue of Notes; or (iv) upon an Event of Default as described in Condition 9 (*Events of Default*). The Definitive Notes so issued in exchange for any such Global Certificate shall be of like tenor and of an equal aggregate principal amount, in authorized denominations and will bear the restrictive legend referred to in "*Notice to Purchasers*". Such Definitive Notes shall be registered in the relevant Register in the name or names of such person or

persons as the relevant clearing system shall instruct the applicable Registrar. It is expected that such instructions may be based upon directions received by DTC from DTC participants with respect to ownership of beneficial interests in the DTC Global Certificate. Except as provided above, owners of beneficial interests in a Global Certificate will not be entitled to receive physical delivery of Definitive Notes and will not be considered the registered holders of such Notes for any purpose. Upon exchange into Definitive Notes, holders will become Registered Holders.

Subject to the detailed provisions of the relevant Global Certificate, if the exchange of the Global Certificate has not been completed by 5.00 p.m. (New York, United States of America time) on the date which is five business days after the delivery to the applicable Registrar of such information as is required to complete and deliver such Definitive Notes against the surrender of such Global Certificate at the specified office of the relevant Registrar, each person shown in the records of the relevant clearing system as being entitled to an interest in such Global Certificate (a "**Relevant Account Holder**") shall directly acquire, without the need for any further action on behalf of any person, against the Issuer all those rights ("**Direct Rights**") which such Relevant Account Holder would have had if, immediately before such time, it held and owned duly executed and authenticated Definitive Notes in respect of each Note represented by such Global Certificate which such Relevant Account Holder has credited to its securities account with the relevant clearing system at such time including, without limitation, the right to receive all payments due at any time in respect of such Definitive Notes other than any corresponding payments already made under the relevant Global Certificate. As from such time, the holder of the relevant Global Certificate will have no further rights thereunder; the registered holder of the relevant Global Certificate shall not be entitled to receive further payments or enforce any other rights thereunder.

Each Relevant Account Holder shall - where applicable - have the right to assign Direct Rights recorded in his name to a third party, including Beneficial Owners of the relevant Global Certificate. Such legal person shall be obliged to accept the assignment, as a result of which the legal person in question will acquire a direct claim against the Issuer. See for further details the form of Global Certificates attached to the Senior Notes Agency Agreement and the Subordinated Notes Agency Agreement.

Exchange of Definitive Notes for Definitive Notes

Any Definitive Note issued under the circumstances described in the preceding paragraph will be transferable in whole or in part in an authorized denomination upon the surrender of such Note, together with the form of transfer endorsed thereon duly completed and executed, at the specified office of the applicable Registrar or the specified office of the Transfer Agent or any other transfer agent maintained for that purpose. In the case of a transfer in part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the transferor. Each new Definitive Note to be issued upon transfer will, within five Business Days of receipt of such form of transfer, be delivered to the transferee at the office of the applicable Registrar or such paying agent or mailed, at the risk of the holder entitled to the Definitive Note in respect of which the relevant Definitive Note is issued, to such address as may be specified in such form of transfer.

Exchange of Definitive Notes for Global Certificates

Definitive Notes may not be transferred for beneficial interests in any Global Certificate unless the transferor first delivers to the Transfer Agent a written certificate to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Purchasers*".

Exchange between Regulation S Global Certificates and Rule 144A Global Certificates

Interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold an interest in a Rule 144A Global Certificate only upon receipt by the Registrars, the Transfer Agent and the Paying Agents of a written certification from the transferor (in the form set out in the relevant Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold an interest through a Regulation S Global Certificate, but only upon receipt by the Registrars, the Transfer Agent and the Paying Agents of a written certification from the transferor to the effect that such transfer

is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in the other Global Certificate will, upon transfer, cease to be an interest in such Global Certificate and become an interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Certificate.

Global clearance and settlement

General

Notes issued pursuant to the Program may be held through one or more international and domestic clearing systems, principally, the book-entry systems operated by DTC in the United States, and Euroclear and Clearstream, Luxembourg in Europe. Electronic securities and payment transfer, processing, depositary and custodial links have been established among these systems and others, either directly or through custodians and depositaries, which enable Notes to be issued, held and transferred among the clearing systems through these links. The relevant Agents (if any) have direct electronic links with DTC, Euroclear and Clearstream, Luxembourg. Special procedures have been established among these clearing systems and the relevant Agents (if any) to facilitate clearance and settlement of certain Notes traded across borders in the secondary market. Cross-market transfers of Notes in respect of which payments will be made in U.S. Dollars and which will be issued in global form may be cleared and settled using these procedures on a delivery against payment basis. Cross-market transfers of Notes in other than global form may be cleared and settled in accordance with other procedures established among any relevant Agent or Agents, as the case may be, and the clearing systems concerned for this purpose.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the procedures described below in order to facilitate transfers of Notes among participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither the Issuer nor the Agents (if any) will have any responsibility for the performance by DTC, Euroclear and/or Clearstream, Luxembourg or their respective participants or indirect participants of the respective obligations under the rules and procedures governing their operations.

The clearing systems

DTC

DTC has advised the Issuer that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Clearstream, Luxembourg

Clearstream, Luxembourg holds securities for its participating organizations ("**Clearstream, Luxembourg participants**") and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg participants through electronic book-entry changes in accounts of Clearstream, Luxembourg participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream, Luxembourg participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also interfaces with domestic securities markets in several countries. Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, and the Banque Centrale du Luxembourg which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg participants are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations, and may include the Agents (if any). Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a Clearstream, Luxembourg participant. Clearstream, Luxembourg has established an electronic bridge with Euroclear as the operator of the Euroclear system (the "**Euroclear Operator**") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Distributions with respect to Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg participants in accordance with its rules and procedures, to the extent received by the depositary for Clearstream, Luxembourg.

Euroclear

Euroclear holds securities and book-entry interests in securities for participating organizations ("**Euroclear participants**") and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. Euroclear provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations, and may include the Agents (if any). Non-participants in Euroclear may hold and transfer beneficial interests in a Global Certificate through accounts with a participant in the Euroclear system or any other securities intermediary that holds a book-entry interest in a Global Certificate through one or more securities intermediaries standing between such other securities intermediary and Euroclear. Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions governs transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Euroclear Terms and Conditions only on behalf of Euroclear participants, and has no record or relationship with persons holding through Euroclear participants. Distributions with respect to Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the depositary for Euroclear.

Other clearing systems

Any other clearing system which the Issuer, the Paying Agents and the relevant Agent(s) (if any) agree shall be available for a particular issuance of Notes, including the clearance and settlement procedures for such clearing system, will be described in the applicable Pricing Term Sheet and/or Final Terms.

Primary distribution

General

Distributions of the Notes will be cleared through one or more of the clearing systems described above or any other clearing system specified in the applicable Pricing Term Sheet and/or Final Terms. Payment for Notes will be made on a delivery-versus-payment or free delivery basis, in each case as more fully described in the applicable Pricing Term Sheet and/or Final Terms.

The Issuer and the relevant Agent(s) (if any) shall agree that either global clearance and settlement procedures or specific clearance and settlement procedures should be available for any Series of Notes, in each case as specified in the Pricing Term Sheet and/ Final Terms relating thereto. Clearance and settlement procedures may vary from one Series of Notes to another according to the Specified Currency of the Notes of such Series. Customary clearance and settlement procedures are described under the specific clearance and settlement procedures below. Application will be made to the relevant clearing system(s) for the Notes of the relevant Series to be accepted for clearance and settlement and the applicable clearance numbers will be specified in the applicable Pricing Term Sheet and/ Final Terms.

Clearance and Settlement Procedures

DTC: DTC participants holding Notes through DTC on behalf of investors will follow the settlement practices applicable to U.S. corporate debt obligations in DTC's Same-Day Funds Settlement System. Notes will be credited to the securities custody accounts of such DTC participants against payment in same-day funds on the settlement date.

Euroclear and Clearstream, Luxembourg: Investors electing to hold their Notes through Euroclear and/or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional European bonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and/or Clearstream, Luxembourg participants, as the case may be, on the business day following the settlement date against payment for value on the settlement date.

Secondary market trading

Trading between DTC Participants

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled using procedures applicable to U.S. corporate debt obligations in DTC's Same-Day Funds Settlement System in same-day funds, if payment is made in U.S. Dollars, or free of payment if payment is made in a currency other than U.S. Dollars. In the latter case, separate payment arrangements outside of the DTC system are required to be made between DTC participants.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market trading between Euroclear and/or Clearstream, Luxembourg participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using procedures applicable to conventional Eurobonds in registered form.

Trading between a DTC seller and a Euroclear or Clearstream, Luxembourg purchaser

Single Global Note Issues

When Notes represented by a DTC Global Certificate are to be transferred from the account of a DTC participant (other than the U.S. Depositaries) to the account of a Euroclear participant or a Clearstream, Luxembourg participant, the purchaser must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct its U.S. Depositary to receive the Notes against payment or free of payment, as the case may be. Its U.S. Depositary will then make payment to the DTC participant's account against delivery of the Notes. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the account of the relevant Euroclear or Clearstream, Luxembourg participant. Credit for the Notes will appear on the next day (Central European Time) and cash debit will be back-valued to, and the interest on

the Notes will accrue from, the value date (which would be the preceding day, when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream, Luxembourg cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream, Luxembourg participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream, Luxembourg. Under this approach, participants may take on credit exposure to Euroclear or Clearstream, Luxembourg until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream, Luxembourg has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream, Luxembourg participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date. Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

Because the settlement will take place during New York business hours, DTC participants can employ their usual procedures for delivering Notes to the applicable U.S. Depositary for the benefit of Euroclear participants and/or Clearstream, Luxembourg participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participants, a cross-market transaction will settle no differently than a trade between two DTC participants.

Dual Global Note issues

When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant will deliver the Notes free of payment to the appropriate account of the Custodian at DTC by 11:00 A.M. (New York time) on the settlement date together with instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg participant. Separate payment arrangements are required to be made between the relevant Euroclear or Clearstream, Luxembourg participant and the DTC participant. The applicable Registrar, as custodian, will (i) decrease the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Certificate and (ii) increase the amount of Notes registered in the name of the nominee of Euroclear and Clearstream, Luxembourg and represented by the Global Certificate. The Depositary will deliver such Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant participant in such clearing system on the business day following the settlement date.

Trading between a Euroclear or Clearstream, Luxembourg seller and a DTC purchaser

Single Global Note issues

Due to time zone differences in their favor, Euroclear participants or Clearstream, Luxembourg participants may employ their customary procedures for transactions in which Notes represented by a DTC Global Certificate are to be transferred by the respective clearing system through the applicable U.S. Depositary to another DTC participant's account. The seller must send instructions to Euroclear or Clearstream, Luxembourg through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Luxembourg will instruct its respective U.S. Depositary to credit the Notes to the DTC participant's account against payment. The payment will then be reflected in the account of the Euroclear participant or Clearstream, Luxembourg participant the following business day, and receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear participant or Clearstream, Luxembourg participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream, Luxembourg participant's account would instead be valued as of the actual settlement date.

As is the case with sales of Notes represented by a DTC Global Certificate by a DTC participant to a Euroclear or Clearstream, Luxembourg participant, participants in Euroclear or Clearstream, Luxembourg will have their accounts credited the day after their settlement date.

Dual Global Note issues

When Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of a DTC participant, the relevant Euroclear or Clearstream, Luxembourg participant must provide settlement instructions for delivery of the Notes free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, by 7:45 P.M. (Brussels or Luxembourg time, as the case may be) one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg will in turn provide appropriate settlement instructions to the Depositary for delivery to the DTC participant.

Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the Custodian will deliver the Notes free of payment to the appropriate DTC account of the DTC participant and will instruct the applicable Registrar to (i) decrease the amount of Notes registered in the name of the nominee for Euroclear and Clearstream, Luxembourg and represented by the Global Certificate and (ii) increase the amount of Notes registered in the name of the nominee of DTC and represented by the DTC Global Certificate.

Same day settlement and payment generally

The Notes represented by the Global Certificates will be eligible to trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expect that secondary trading in any Definitive Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Certificate from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interest in a Global Certificate by or through a Clearstream, Luxembourg participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

Notes may be issued in such denominations as may be specified in the Final Terms and/or Pricing Term Sheet 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. See "*Special Provisions Relating to Foreign Currency Notes*" for additional information regarding Foreign Currency Notes.

FORM OF SENIOR NOTES FINAL TERMS

Set out below is the form of Senior Notes Final Terms which will be completed for each Tranche of Senior Notes issued under the Program with a minimum denomination at least US$200,000 (or its equivalent in another currency) but so that in no event the minimum denomination will be lower than EUR 100,000.

FINAL TERMS

Date: [•]

ABN AMRO Bank N.V.
(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Chamber of Commerce under number 34334259)

Issue of [Aggregate [Principal][Nominal] Amount of Tranche] [Title of Senior Notes] (the "Notes")

under the Program for the issuance of Medium Term Notes

[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), as amended (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 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorized, nor do they authorize, the making of any offer of Notes in any other circumstances.]

[In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes as described herein.]

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

The expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 24 April 2017 [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Senior Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Senior Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [http://www.abnamro.com/en/investor-relations/debt-investors/index.html]. Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.]

Terms used herein shall be deemed to be defined as such for the purposes of the [*date*] Conditions (the "**Conditions**") in the base prospectus dated [*original date*] [as supplemented by a supplement dated [*date*] [which are incorporated by reference in the Base Prospectus dated 24 April 2017]. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated 24 April 2017 [as supplemented by a supplement dated [*date*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] [and the supplement(s) to it dated [•]]. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [http://www.abnamro.com/en/investor-relations/debt-investors/index.html]. Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

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

1.	Issuer:		ABN AMRO Bank N.V.
2.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes become fungible:	[Not Applicable] [The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [[*insert date*]/[*the Issue Date*]/[, which is expected to occur on or about [*insert date*] *(40 days after the Issue Date of the new Notes)*]].]
3.	Specified Currency or Currencies		[•]
4.	Aggregate [Principal][Nominal] Amount:		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.	Issue Price of Tranche:		[•]% of the Aggregate [Principal][Nominal] Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
6.	(a)	Specified Denominations:	[•] ["144A Global Certificates denominated in U.S. dollars: US$200,000 and integral multiples of

			US$1,000 in excess thereof."]
			["[EUR100,000] or equivalent and integral multiples of [EUR1,000] or equivalent in excess thereof up to and including [EUR199,000] or equivalent. No Notes in definitive form will be issued with a denomination above [EUR199,000] or equivalent."]
	(b)	Calculation Amount	[•] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor.)*
7.	(i)	Issue Date	[•]
	(ii)	Interest Commencement Date:	[Issue Date/Not Applicable/[•]]
8.	Maturity Date [or Redemption Month]:		[•] *(Specify Date or (for Floating Rate) Interest Payment Date falling in or nearest to [specify month and year]. Redemption Month should only be used where the term of the Notes is an even number of years from the Issue Date.]*
9.	Interest Basis:		[[•]% Fixed Rate] [+/– [•]% Floating Rate] *(specify particular interest basis)* [CD Rate] [CMT Rate] [Federal Funds Rate] [Eleventh District Cost of Funds Rate] [Prime Rate] [Treasury Rate] [Commercial Paper Rate] [[•] Month EURIBOR] [[•] Month LIBOR] [Zero Coupon] (further particulars specified in paragraph[s] [15][16][17] below)
10.	Redemption/Payment Basis:		[Redemption at par] [Redemption at [•]% of [Principal Amount][Notional Amount]] *(N.B. A Final Redemption Amount greater than 100% may only occur in the case of Zero Coupon Notes.)*
11.	Change of Interest Basis:		[Applicable/Not Applicable] *[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 15 and 16 below and identify there]*
12.	Put/Call Options:		[Not Applicable] [Investor Put] [Issuer Call]

		[(further particulars specified below)]
13.	Status of the Notes:	Senior 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:	[From (and including) [•] up to (but excluding) [•]] [[•]% per annum] [from (and including) [•] up to (but excluding) [•]] [the aggregate of [•]% and the Mid Swap Rate per annum] [determined by the Agent] [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date] ["**Mid Swap Rate**" means the annual mid swap rate for [Euro/U.S. dollar] swap transactions with a maturity of [•] years, expressed as a percentage, displayed on Reuters screen page [•] (or such other page as may replace that page on Reuters, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at [•] [a.m./p.m.] ([•] time) on the [second/[•]] Business Day prior to [•].]
	(ii)	Fixed Interest Period:	[•]
	(iii)	Interest Payment Date(s):	[•] in each year, up to and including the Maturity Date [, in each case subject to adjustment in accordance with the [Following/Modified/Preceding] Business Day Convention[, Unadjusted]] *(NB: This will need to be amended in the case of long or short coupons)*
	(iv)	First Interest Payment Date:	[•]
	(v)	Fixed Coupon Amount(s):	[Not Applicable] [[•] per Note of Calculation Amount][(For the avoidance of doubt, the amount of interest payable on the Interest Payment Date shall be the Fixed Coupon Amount or any Broken Amount, if applicable)].
	(vi)	Initial/Final Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(vii)	Day Count Fraction:	[30/360] [30E/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360 (ISDA)]
	(viii)	Determination Date(s):	[[•] in each year / Not Applicable]

			(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. *NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration* *NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
	(ix)	Additional Business Center(s):	[None/[•]]
16.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Interest Period(s):	[•]
	(ii)	Interest Commencement Date:	[•]
	(iii)	Interest Determination Date(s):	[•] *(Second London Banking Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period of Sterling LIBOR and the second day which is also a TARGET2 Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
	(iv)	First Interest Payment Date:	[•]
	(v)	Specified Interest Payment Dates:	[[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (vi) below]
	(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/None]
	(vii)	Unadjusted	[No/Yes/Not applicable] *(Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)*
	(viii)	Additional Business Center(s):	[•]
	(ix)	Manner in which the Rate of Interest and Interest Amounts is to be determined:	[Reference Rate Determination/ISDA Determination]
	(x)	Party responsible for calculating the Rate of Interest	[•]

	and Interest Amounts (if not the Calculation Agent):	
(xi)	Reference Rate Determination:	[Yes/No] *(If "No", delete the remaining sub-paragraphs of this paragraph (xi))*
	• Initial Interest Rate:	[•]
	• Index Maturity:	[•]
	• Interest Basis or Bases:	[CD Rate] [CMT Rate] [Commercial Paper Rate] [Eleventh District Cost of Funds Rate] [EURIBOR] [Federal Funds Rate] [LIBOR] [Prime Rate] [Treasury Rate]
	• Index Currency:	[•]
	• Spread:	[+/-][•]% per annum
	• Spread Multiplier:	[•]
	• Relevant Screen Page:	[Condition 4(b)(ii)(B) [(1)][(2)][(3)][(4)][(5)][(6)][(7)][(8)][(9)] applies/[•]]
	• Interest Determination Date(s):	[•]
	• Initial Interest Reset Date:	[•]
	• Initial Reset Period:	[•]
	• Interest Reset Dates:	[•]
(xii)	ISDA Determination:	[Yes/No] *(If "No", delete the remaining sub-paragraphs of this paragraph (xii))*
	• Floating Rate Option:	[•]
	• Designated Maturity:	[•]
	• Reset Date:	[•]
	• [ISDA Definitions:	[2000/2006]]
(xiii)	Margin(s):	[+/–] [•]% per annum
(xiv)	Minimum Rate of Interest:	[•]% per annum
(xv)	Maximum Rate of Interest:	[•]% per annum
(xvi)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual]

			[Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [30E/360] [30E/360 (ISDA)]
	(xvii)	Reference Bank(s) or Dealer(s) (if any):	[Not Applicable/[•]]
17.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Amortization/Accrual Yield:	[•]% per annum
	(ii)	Reference Price:	[•]%
	(iii)	Day Count Fraction in relation to Early Redemption Amounts and late payment as specified in Condition 6(e)(ii):	[Applicable/ Not Applicable/[•]] (*Consider applicable day count fraction if not U.S. dollar denominated*)
	(iv)	Additional Business Center(s):	[None/[•]]

PROVISIONS RELATING TO REDEMPTION

18.	Issuer Call:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(iii)	Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent, Calculation Agent or Exchange Rate Agent):	[•]
	(iv)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•]
		(b) Maximum Redemption Amount:	[•]
	(v)	Notice period (if other than as set out in the Conditions):	[•] days
19.	Investor Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption	[•] per Calculation Amount

		Amount(s):	
	(iii)	Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent or Exchange Rate Agent):	[•]
	(iv)	Notice period (if other than as set out in the Conditions):	[•]
20.	Final Redemption Amount of each Note:		[[•] per Calculation Amount]
	(i)	Payment date (if other than as set out in the Conditions):	[Not Applicable/[•]]
21.	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or upon an event of default or other early redemption (if required or different from that set out in Condition 6(e)):		[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	[Registered] [DTC Regulation S Global Certificate(s) registered in the name of, or nominee of, DTC] [Regulation S Global Certificate registered in the name of, or the name of a nominee of, [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Certificate(s) registered in the name of, or the name of a nominee of, DTC]
23.	New Safekeeping Structure:	[Yes/No]
24.	Additional Financial Center(s):	[Not Applicable/[•]]
25.	[For the purposes of Condition 12, notices to be published in the Financial Times:]	[Yes/No]
26.	Whether Condition 7(a) of the Notes applies (in which case Condition 6(b) of the Notes will not apply) or whether Condition 7(b) and Condition 6(b) of the Notes apply:	[Condition 7(a) applies and Condition 6(b) does not apply/Condition 7(b) and Condition 6(b) apply]

DISTRIBUTION

27.	(i)	If syndicated, names of Agents:	[Not Applicable/[•]]
	(ii)	Date of Pricing Term Sheet	[•]

	(iii) Stabilizing Manager(s) (if any):	[Not Applicable/[•]]
28.	If non-syndicated, name of relevant Agent:	[Not Applicable/[•]]
29.	Eligibility:	[Rule 144A only/Reg S only/Rule 144A and Reg S]
30.	U.S. Selling Restrictions:	[144A/Reg S]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] relating to paragraph [•] above has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of ABN AMRO Bank N.V.:

By: ..... By: .....
Duly authorized Duly authorized

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Admission to Trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/*specify relevant regulated market and, if relevant, admission to an official list*]] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/*specify relevant regulated market and, if relevant, admission to an official list*] with effect from [•].] [Not Applicable]
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. RATINGS

Ratings:	[[The Notes to be issued [have [not] been/are expected to be] rated[:]]/[The following ratings reflecting ratings assigned to Notes of this type issued under the Program generally:]] [S & P: [•]] [Moody's: [•]] [Fitch: [•]] [[Other]: [•]] [*Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.] *[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority].] [[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**.] [[Insert full legal name of credit rating agency/ies] [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]* (*The above disclosure should reflect the rating allocated to Notes of the type issued under the Program generally or, where the issue has been specifically rated, that rating*.)

(A rating does not constitute a recommendation to purchase, sell or hold a particular Note.)

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

[Save for any fees payable to the Agents, so far as the Issuer is aware, no person involved in the issue 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 Offering Circular under Article 16 of the Prospectus Directive.)]

The Agents and their respective affiliates are full service financial institutions and they may provide or may have in the past provided services to the Issuer in that capacity, and they may hold or make investment recommendations relating to securities or instruments of the Issuer. See "*Plan of Distribution*".

4. **[REASONS FOR THE OFFER**

Reasons for the offer:	[●] (*See "Use of Proceeds" wording in Base Prospectus – if reasons for offer are different will need to include those reasons here*.)]

5. **[YIELD** (*Fixed Rate Notes only*)

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

6. **OPERATIONAL INFORMATION**

(i)	CUSIP:	*Rule 144A:* [●] *[Regulation S:* [●]]
(ii)	ISIN Code:	*Rule 144A:* [●] *Regulation S:* [●]
(iii)	Common Code:	*Rule 144A:* [●] *Regulation S:* [●]
(iv)	Any clearing system(s) other than DTC or Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/give name(s) and numbers(s)]
(v)	Delivery:	Delivery [against/free of] payment
(vi)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such

recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

The Notes will be deposited initially upon issue with one of the ICSDs acting as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)].]

[No.

Whilst the designation is specified as "no", should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs acting as common safekeeper[. / (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). *[include this text for registered notes*]] Note that this does not mean that the Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following are the Terms and Conditions of Senior Notes to be issued by the Issuer (each, a "**Condition**") which will be incorporated by reference into each Global Certificate and the definitive Notes (if any) representing the Senior Notes. The applicable Pricing Term Sheet and/or Final Terms in relation to any Tranche of Senior 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 Senior Notes. The applicable Pricing Term Sheet and/or Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Certificate and definitive Note representing the Senior Notes. Reference should be made to "Book Entry, Delivery, Form and Settlement" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Senior Note is one of a series of Senior Notes issued by ABN AMRO Bank N.V. (in such capacity, the "**Issuer**", which expression shall include any substituted debtor pursuant to Condition 15 (*Substitution of the Issuer*)) pursuant to the Senior Notes Agency Agreement (as defined below). References herein to the "**Senior Notes**" shall be references to the Senior Notes of this Series (as defined below) and shall mean (i) in relation to any Senior Notes represented by a Global Certificate, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Senior Notes issued in exchange for a Global Certificate and (iii) any Global Certificate. The Senior Notes will be issued in accordance with an Senior Notes Agency Agreement dated as of 24 April 2017 (as supplemented, amended and/or replaced from time to time, the "**Senior Notes Agency Agreement**"), among the Issuer, The Bank of New York Mellon, London Branch, as fiscal agent (the "**Fiscal Agent**") and transfer agent (the "**Transfer Agent**"), The Bank of New York Mellon, New York as U.S. registrar (the "**U.S. Registrar**") and U.S. paying agent (the "**U.S. Paying Agent**"), The Bank of New York Mellon SA/NV, Luxembourg Branch as European paying agent (the "**European Paying Agent**", and together with the U.S. Paying Agent, the "**Paying Agents**," and each individually, a "**Paying Agent**") and European registrar (the "**European Registrar**" and, together with the U.S. Registrar, the "**Registrars**" and, each, a "**Registrar**"). The terms Fiscal Agent, U.S. Registrar, U.S. Paying Agent, European Paying Agent, Transfer Agent, and European Registrar shall include any additional or successor agents appointed in such capacities by the Issuer. The Senior Notes Agency Agreement permits the appointment of other agents, including one or more calculation agents (each, a "**Calculation Agent**") and a currency exchange agent (the "**Exchange Rate Agent**"). Unless otherwise indicated in an applicable Pricing Term Sheet and/or Final Terms, The Bank of New York Mellon will act as Calculation Agent and as Exchange Rate Agent with respect to the Senior Notes. Because the Senior Notes will not be issued pursuant to an indenture, each Senior Noteholder will be responsible for acting independently with respect to certain matters affecting such holder's Senior Notes, including enforcing any covenants contained therein, and responding to any requests for consents or waivers. The term "**Registered Note**" means a Senior Note in registered form.

Any reference herein to "**Senior Noteholders**" shall mean the several persons who are for the time being holders of outstanding Senior Notes (being, the registered owners thereof as reflected in the relevant Registers), except that for so long as any of the Senior Notes are represented by a Global Certificate, each person who is for the time being shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Senior Notes (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) (in which regard any certificate or other document issued by DTC and/or Euroclear and Clearstream, Luxembourg as to the principal amount of such Senior Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by ABN AMRO Bank N.V. and the Fiscal Agent as a holder of such principal amount of such Senior Notes for all purposes other than for the payment of principal, premium (if any) and interest on such Senior Notes, the right to which shall be vested, as against ABN AMRO Bank N.V. and the Fiscal Agent, solely in the person in whose name the Global Certificate is registered in accordance with and subject to its terms (and the expressions "**Holder**", "**Holder of Senior Notes**" and related expressions shall be construed accordingly).

The Final Terms for this Senior Note is endorsed hereon or attached hereto 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 Senior Note. References herein to the "**applicable Final Terms**" are to the Final Terms for this Senior Note. References herein to the "**applicable Pricing Term Sheet**" are to the Pricing Term Sheet for this Senior Note.

As used herein, "**Tranche**" means Senior Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Senior Notes together with any further Tranche or Tranches of Senior Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) 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 Senior Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet are available for viewing at the specified offices of each of the Fiscal Agent, the Registrars and the other Paying Agents and at the registered offices of the Issuer and copies may be obtained from those offices. The Senior Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Senior Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet which are binding on them.

Words and expressions defined in the Senior Notes Agency Agreement or used in the applicable Final Terms and/or Pricing Term Sheet shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

1. **Form, Denomination and Title**

The Senior Notes are issued in registered form without interest coupons attached and, in the case of definitive Senior Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the specified Form(s).

This Senior Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms and/or Pricing Term Sheet.

The Senior Notes are represented by one or more global registered note certificates (each, a "**Global Certificate**") without receipts, interest coupons or talons. A Global Certificate will be issued to each person in whose name a Global Certificate is for the time being registered in the Register (as defined in this Condition 1), or, in the case of a joint holding, the first named thereof (the "**Registered Holder**"), in respect of its holding. The serial number of each Global Certificate will be recorded in the Register. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the U.S. Registrar or European Registrar (as the case may be) in accordance with the provisions of the Senior Notes Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction, a competent regulatory authority or as required by law or applicable regulations, the Issuer, the Fiscal Agent, the Registrar, any Paying Agent and any Transfer Agent may deem and treat the Registered Holder of any Senior Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph and to the definition of "*Holder of Senior Notes*" above.

For so long as DTC, Euroclear, or Clearstream, Luxembourg, as the case may be, or its nominee is the Registered Holder of a Global Certificate, such holder shall (except as otherwise provided by applicable law or regulatory requirements) be treated by the Issuer, the Fiscal Agent, any Paying Agent, the Registrar and any Transfer Agent as the absolute owner of such principal amount of such Senior Notes for the purposes of payment of principal, premium (if any) and interest on the Senior Notes and no person shall be liable for so treating such Registered Holder. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms and/or Pricing Term Sheet.

The Senior Notes are in the minimum denomination specified in the Final Terms and/or Pricing Term Sheet or integral multiples thereof.

2. **Transfers and Exchange of Senior Notes**

(a) ***Transfers Generally***

Ownership of beneficial interests in Global Certificates will be evidenced only by, and transfers thereof will be effected only through, records maintained by the relevant clearing system through which such beneficial interests are held and such clearing system's direct and indirect participants. Owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of definitive Senior Notes except in certain limited circumstances, including closure of the relevant clearing system(s). Any registered interests in a Global Certificate (i) may, upon the terms and subject to the conditions set forth in the Senior Notes Agency Agreement, be transferred by the Registered Holder in whole or in part only (**provided that** such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms and/or Pricing Term Sheet) upon the surrender of the Senior Notes to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Senior Note will be issued to the transferee and, in the case of a transfer of part only of a Senior Note, a new Senior Note in respect of the balance not transferred will be issued to the transferor and (ii) will be transferable only in accordance with the rules and procedures for the time being as in effect from time to time of DTC, Euroclear and/or Clearstream, Luxembourg or such other applicable clearing system as the case may be.

(b) ***Exchange and Transfer of Definitive Senior Notes***

(i) *Exchange for Definitive Senior Notes*

Unless otherwise provided in the applicable Pricing Term Sheet and/or Final Terms, beneficial interests in a Global Certificate will be exchangeable by the Issuer in whole but not in part only at the option of the Registered Holder for definitive Senior Notes, only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Certificate, DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the DTC Global Certificate or DTC ceases to be a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, if so required by applicable law or regulation, and, in either case, a successor depositary is not appointed by the Issuer within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, (ii) in the case of any other Global Certificate, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and a successor or successors is or are not appointed by the Issuer within 90 days from the commencement of such closure, announcement or cessation of business, or (iii) upon an Event of Default as described in Condition 9 (*Events of Default*).

(ii) *Transfers of Definitive Senior Notes*

Subject to paragraphs (iii), (iv) and (v) below, a definitive Senior Note may be transferred upon surrender of the definitive Senior Note, with the endorsed form of transfer duly completed (or another form of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), at the specified office of the Relevant Registrar or any Paying Agent, together with such evidence as the Relevant Registrar or (as the case may be) such Paying Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the definitive Senior Notes represented by the surrendered definitive Senior Notes are the subject of the transfer, a new definitive Senior Note in respect of the balance of the definitive Senior Notes will be issued to the transferor.

(iii) *Registration and delivery of Definitive Senior Notes*

Within five business days of the surrender of a definitive Senior Note and receipt of the form of transfer or duly signed and completed notice of exercise (an "**Exercise Notice**") in accordance with paragraph (ii) above, the Relevant Registrar will register the transfer in question and deliver a new definitive Senior Note of a like principal amount to the definitive Senior Notes transferred to each transferee at its specified office or (as the case may be) the specified office of any Paying Agent or (at the request and risk of any such relevant transferee) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such transferee. In this paragraph (iii), "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Relevant Registrar or (as the case may be) the relevant Transfer Agent has its specified office. Title to such definitive Senior Note passes by registration, as evidenced by entries in the applicable Register.

(iv) *No charge*

The transfer of a definitive Senior Note will be effected without charge by or on behalf of the Issuer, the Relevant Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer.

(v) *Closed periods*

Neither transferors nor transferees may require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(vi) *Regulations concerning transfers and registration*

All transfers of definitive Senior Notes and entries on the Register are subject to the detailed regulations concerning the transfer of definitive Senior Notes scheduled to the Senior Notes Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

(c) ***Exchange Between Regulation S Global Certificates and Rule 144A Global Certificates***

Beneficial interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold a beneficial interest in a Rule 144A Global Certificate only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor (in the form set out in the Senior Notes Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Beneficial interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold a beneficial interest through a Regulation S Global Certificate, but only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any beneficial interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Certificate will, upon transfer, cease to be a beneficial interest in such Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Certificate.

3. **Status of Senior Notes**

Senior Notes constitute direct, unconditional, 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 and/or overriding provisions of law.

4. **Interest**

Senior Notes may be interest-bearing or non interest-bearing, as specified in the Final Terms and/or Pricing Term Sheet. Interest-bearing Senior Notes shall be Fixed Rate Notes or Floating Rate Notes.

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

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

The amount of interest payable in respect of each Senior Note for any Fixed Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Fixed Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Final Terms) and, if the Senior Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

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

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

(2) 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

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

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Fixed Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, 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 each Additional Business Center specified in the applicable Pricing Term Sheet and/or 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 center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

If interest is required to be calculated for a period other than a Fixed Interest Period or no Fixed Coupon Amount is specified in the applicable Pricing Term Sheet and/or Final Terms, such interest shall be calculated by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Certificate and 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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a) for any period of time (from and including the first day of such period to but excluding the last)(which may be a Fixed Interest Period or, if applicable, 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 (the "**Accrual Period**"):

(i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Term Sheet and/or Final Terms:

(a) in the case of Senior Notes where the number of days in the relevant 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 Periods normally ending in any year; or

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

(1) the actual 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 Periods normally ending in any 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 Periods normally ending in any year; and

(ii) if "30/360" is specified in the applicable Pricing Term Sheet and/or 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 in respect of which payment is being made divided by 360 calculated on a formula basis as follows:

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

Where:

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

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

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

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

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

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

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

(iv) if "Actual/365 (Fixed)" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Accrual Period divided by 365; and

(v) if "Actual/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual 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 divided by 360; and

(vi) if "30E/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Fixed 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 Fixed Interest Period unless, in the case of a Fixed Interest Period ending on the Maturity Date, 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).

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Fixed Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Fixed Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Fixed Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Fixed Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Fixed Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Fixed Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions:

"**Determination Date**" means the date(s) specified in the applicable Pricing Term Sheet and/or Final Terms or, if none is specified, it means the Interest Payment Date;

"**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, means one cent.

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

(i) *Interest Payment Dates*

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

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Term Sheet and/or Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Term Sheet and/or Final Terms, each date (each such

date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls on the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or 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 Pricing Term Sheet and/or 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 Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such First Interest Payment Date or Specified Interest Payment Date, as the case may be (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 number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms 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.

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day

Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, 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 each Additional Business Center specified in the applicable Pricing Term Sheet and/or 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 center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms on the following basis:

(A) *ISDA Determination*

Where ISDA Determination is specified in the applicable Pricing Term Sheet and/or 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 sum of the relevant ISDA Rate and the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as 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 Senior Notes (the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the applicable Final Terms and/or Pricing Term Sheet;

(2) the Designated Maturity is the period specified in the applicable Final Terms and/or Pricing Term Sheet; 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**") for a currency 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 Pricing Term Sheet and/or 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.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 4(b)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) *Reference Rate Determination*

The rate of Interest on Floating Rate Notes will be determined by reference to the applicable Interest Basis, which may, as described below, include:

(1) the CD Rate;

(2) the CMT Rate;

(3) the Commercial Paper Rate;

(4) the Eleventh District Cost of Funds Rate;

(5) EURIBOR;

(6) the Federal Funds Rate;

(7) LIBOR;

(8) the Prime Rate; or

(9) the Treasury Rate

as specified in the applicable Pricing Term Sheet and/or Final Terms.

The Calculation Agent shall determine each Interest Basis in accordance with the following provisions:

(1) *CD Rate*

If "**CD Rate**" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**CD Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CD Rate (a "**CD Rate Interest Determination Date**"), the rate on such date for negotiable U.S. dollar certificates of deposit having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) (as defined below) opposite the caption "CDs (secondary market)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable U.S. dollar certificates of deposit of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update (as defined below), or such other recognized electronic source used for the purpose of displaying such

rate, opposite the caption "CDs (secondary market)". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable U.S. dollar certificates of deposit of major United States money banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, in an amount that is representative for a single transaction in that market at that time; **provided, however, that** if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

"**H.15(519)**" means the weekly statistical release published by the Board of Governors of the Federal Reserve System and available on their website at www.federalreserve.gov/releases/h15/update/h15upd.htm, or any successor site or publication.

"**H.15 Daily Update**" means the daily update of H.15(519), published by the Board of Governors of the Federal Reserve System and available on their website at www.federalreserve.gov/releases/h15/update/h15upd.htm, or any successor site or publication.

(2) *CMT Rate*

If "**CMT Rate**" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**CMT Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CMT Rate (a "**CMT Rate Interest Determination Date**"),

(i) if "Reuters Page FRBCMT" (as defined below) is specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:

(a) the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters (or any successor service) ("**Reuters**") on page FRBCMT (or any other page as may replace such page on such service) ("**Reuters Page FRBCMT**"), on the particular CMT Rate Interest Determination Date, or

(b) if the rate referred to in clause (a) does not so appear on the Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index and for the particular CMT Rate Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities", or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular CMT Rate Interest Determination Date for the period of the particular Designated CMT Maturity Index as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Agents or their affiliates) (each, a "**Reference Dealer**"), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of

equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular CMT Rate Interest Determination Date, or

(i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the Treasury security with the shorter original term to maturity will be used.

(ii) if "Reuters Page FEDCMT" (as defined below) is specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:

(a) the percentage equal to the one week or one month, as specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, average yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) ("**Reuters Page FEDCMT**"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or

(b) if the rate referred to in clause (a) does not so appear on the Reuters Page FEDCMT, the percentage equal to the one week or one month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities," or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the one week or one month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index as otherwise announced by the Federal Reserve Bank of New York

for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Rate Interest Determination Date, or

(i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the United States Treasury security with the shorter original term to maturity will be used.

"**Designated CMT Maturity Index**" means the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the Pricing Term Sheet and/or Final Terms, as the case may be, with respect to which the CMT Rate will be calculated.

(3) *Commercial Paper Rate*

If the "**Commercial Paper Rate**" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Commercial Paper Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate (a "**Commercial Paper Rate Interest Determination Date**"), the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "*Commercial Paper—Nonfinancial*" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market Yield on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "*Commercial Paper—Nonfinancial*". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of U.S. dollar commercial paper in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; **provided, however, that** if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"**Money Market Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

(4) *Eleventh District Cost of Funds Rate*

If the "**Eleventh District Cost of Funds Rate**" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Eleventh District Cost of Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Eleventh District Cost of Funds Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Eleventh District Cost of Funds Rate (an "**Eleventh District Cost of Funds Rate Interest Determination Date**"), the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls as set forth opposite the caption "11TH Dist COFI" on the display on Reuters (or any successor service) on page "COFI/ARMS" (or any other page as may replace such page on such service) ("**Reuters Page COFI/ARMS**") as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on the Reuters Page COFI/ARMS on such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate on such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "**Index**") by the Federal Home Loan Bank ("**FHLB**") of San Francisco as such cost of funds for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date. If the FHLB of San Francisco fails to announce the Index on or prior to such Eleventh District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

(5) *EURIBOR*

If "EURIBOR" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to EURIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**EURIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to EURIBOR (a "**EURIBOR Interest Determination Date**"), EURIBOR will be the rate for deposits in Euro as sponsored, calculated and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity as specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on Reuters on page EURIBOR01 (or any other page as may replace such page on such service) ("**Reuters Page EURIBOR01**") as of 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date; or if no such rate so appears, EURIBOR on such EURIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a EURIBOR Interest Determination Date on which no rate appears on the Reuters Page EURIBOR01 as specified in Clause (i) above, the Calculation Agent will request the principal Euro zone office of each of four major reference banks (which may include the Agents or their affiliates) in the Euro zone interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in Euro for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the Euro zone interbank market at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of US$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time. If at least two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of such quotations.

(iii) If fewer than two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by four major banks (which may include the Agents or their affiliates) in the Euro zone selected by the Calculation Agent for loans in Euro to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on that Interest Reset Date and in a principal amount not less than the equivalent of US$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time.

(iv) If the banks so selected by the Calculation Agent are not quoting as mentioned in the preceding sentence, EURIBOR determined as of such EURIBOR Interest Determination Date

will be EURIBOR in effect on such EURIBOR Interest Determination Date.

"**Euro zone**" means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty on European Union signed at Maastricht on February 7, 1992.

(6) *Federal Funds Rate*

If "Federal Funds Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Federal Funds Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Federal Funds Rate (a "**Federal Funds Rate Interest Determination Date**"),

(i) if "Federal Funds (Effective) Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the Federal Funds Rate Interest Determination Date shall be the rate with respect to such date for U.S. dollar federal funds as published in H.15(519) opposite the heading "*Federal funds (effective)*" and that appears on Reuters on page FEDFUNDS1 (or any other page as may replace such page on such service) ("**Reuters Page FEDFUNDS1**") under the heading "EFFECT" or, if such rate is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate with respect to such Federal Funds Rate Interest Determination Date for U.S. dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "Federal funds (effective)". If such rate does not appear on Reuters Page FEDFUNDS 1 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds arranged by three leading brokers of U.S. dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on the Business Day following such Federal Funds Rate Interest Determination Date; **provided**, **however**, **that** if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

(ii) if "Federal Funds Open Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable

Federal Funds Rate Interest Determination Date shall be the rate on such date under the heading "Federal Funds" for the relevant Index Maturity and opposite the caption "Open" as such rate is displayed on Reuters on page 5 (or any other page as may replace such page on such service) ("**Reuters Page 5**"), or, if such rate does not appear on Reuters Page 5 by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for the Federal Funds Rate Interest Determination Date will be the rate for that day displayed on the FFPREBON Index page on Bloomberg L.P. ("**Bloomberg**"), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If such rate does not appear on Reuters Page 5 or is not displayed on the FFPREBON Index page on Bloomberg or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight U.S. Dollar federal funds arranged by three leading brokers of U.S. Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; **provided, however, that** if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

(iii) if "Federal Funds Target Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date as displayed on the FDTR Index page on Bloomberg. If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be the rate for that day appearing on Reuters on page USFFTARGET= (or any other page as may replace such page on such service) ("**Reuters Page USFFTARGET=**"). If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight U.S. Dollar federal funds arranged by three leading brokers of U.S. Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; **provided**, **however**, **that** if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

(7) *LIBOR*

If "LIBOR" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**LIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to LIBOR (a "**LIBOR Interest Determination Date**"), LIBOR will be the rate for deposits in the Designated LIBOR Currency for the Interest Period(s) or Interest Reset Period(s) of the Index Maturity specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on the Designated LIBOR Page (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, or if no such rate so appears, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which no rate appears on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks (which may include the Agents or their affiliates) in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks (which may include the Agents or their affiliates) in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the related Interest Reset Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; **provided**, **however**, **that** if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

"**Designated LIBOR Currency**" means the currency specified as Index Currency in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as to which LIBOR shall be calculated or, if no such currency is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, U.S. dollars.

"**Designated LIBOR Page**" means the display on Reuters (or any successor service) on page LIBOR01 or LIBOR02, specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms (or any other page as may replace such page on such service or successor service), for the purpose of displaying the London interbank rates (which may include affiliates of the Distribution Agents) for the Designated LIBOR Currency.

"**London Banking Day**" is any day (other than a Saturday or Sunday) in which dealings in deposits in United States dollars are transacted or, with respect to any future date, are expected to be transacted in the London interbank market.

"**Principal Financial Center**" means (i) the capital city of the country issuing the Specified Currency, or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates, except, in each case, that with respect to U.S. Dollars, Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, South African Rand and Swiss Francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, The City of London (solely in the case of the Designated LIBOR Currency), Wellington, Johannesburg and Zurich, respectively.

(8) *Prime Rate*

If "Prime Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Prime Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Prime Rate (a "**Prime Rate Interest Determination Date**"), the rate on such date as such rate is published in H.15(519) opposite the caption "Bank prime loan" or, if not published prior to 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "Bank Prime Loan". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean, as determined by the Calculation Agent, of the rates of interest publicly announced by each bank that appears on Reuters on page USPRIME1 (or any other page as may replace such page on such service for the purpose of displaying prime rates or base lending rates of major United States banks ("**Reuters Page USPRIME1**")) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on Reuters Page USPRIME1 for such Prime Rate Interest Determination Date by 3:00 P.M., New York City time on the related Calculation Date, then the Prime Rate shall be the arithmetic mean

calculated by the Calculation Agent of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360 day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include the Agents or their affiliates) in New York City selected by the Calculation Agent; **provided**, **however**, **that** if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date or, if no Prime Rate was in effect on such Prime Rate Interest Determination Date, the rate on such Floating Rate Note for the following Interest Reset Period shall be the Initial Interest Rate.

(9) *Treasury Rate*

If "Treasury Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Senior Note will bear interest at the rates (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Treasury Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined by reference to the Treasury Rate (a "**Treasury Rate Interest Determination Date**"), the rate from the auction held on such Treasury Rate Interest Determination Date (the "**Auction**") of direct obligations of the United States ("**Treasury Bills**") having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, under the caption "INVEST RATE" on the display on Reuters or any successor service on page USAUCTION 10 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION 10**") or page USAUCTION 11 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION 11**") or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the auction rate of such Treasury Bills as announced by the U.S. Department of the Treasury. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, is not so announced by the U.S. Department of the Treasury, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "U.S. government securities/Treasury bills/secondary market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. government securities/Treasury bills/secondary market". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary U.S. government securities dealers (which may include the Agents or their affiliates) selected by the Calculation Agent, for the

issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be; **provided**, **however**, **that** if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"**Bond Equivalent Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

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

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

Unless otherwise stated in the applicable Final Terms and/or Pricing Term Sheet, the Minimum Rate of Interest shall be deemed to be zero.

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

The Agent, in the case of Floating Rate 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.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to in the case of Floating Rate Notes, the aggregate outstanding nominal amount of the Senior Notes represented by such Global Certificate 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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b) for any period of time (from and including the first day of such period to but excluding the last)(which may be an Interest Period or, if applicable, 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 (the "**Accrual Period**"):

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

(b) if "Actual/365 (Fixed)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Accrual Period in respect of which payment is being made divided by 365;

(c) if "Actual/360" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual 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 in respect of which payment is being made divided by 360;

(d) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms and/or Pricing Term Sheet, 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 in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(e) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(f) if "30E/360 (ISDA)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

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

(v) *Notification of Rate of Interest and Interest Amount*

The Fiscal Agent or, if applicable, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Senior Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph (v), the expression "**Amsterdam Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Amsterdam.

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of

the provisions of this Condition 4(b), whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Senior Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Senior Noteholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Interest on Foreign Currency Senior Notes***

In the case of Foreign Currency Senior Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms.

(d) ***Accrual of Interest***

Each Senior Note (or in the case of the redemption of part only of a Senior Note, that part only of such Senior 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 Senior 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 Senior Noteholders in accordance with Condition 12 (*Notices*) or individually.

5. **Payments**

(a) ***Principal, Interest and Record Date***

Payment of the principal of and any premium or interest on Senior Notes, other than Foreign Currency Senior Notes with respect to which a Specified Currency payment election has been made, will be made to the registered holders thereof at the office of the U.S. Paying Agent or, if applicable, the European Paying Agent, or such other office or agency of the Issuer maintained by it for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; **provided**, **however**, **that** payment of the principal of and any premium and interest on such Senior Notes due at Maturity will be made to the registered holders thereof in immediately available funds at such office or such other offices or agencies if such Senior Notes are presented to the applicable Paying Agent or any other paying agent in time for the applicable Paying Agent or such other paying agent to make such payments in accordance with its normal procedures; and, **provided**, **further**, **that** at the option of the Issuer, payment of interest, other than interest payable at Maturity, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Register unless that address is in the Issuer's country of incorporation or, if different, country of tax residence; and, **provided**, **further**, **that** notwithstanding the foregoing a registered holder of US$5,000,000 or more in aggregate principal amount of such Senior Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at Maturity, by wire transfer of immediately available funds to an account at a bank located in The City of New York (or other location consented to by such Issuer) if appropriate wire transfer instructions have been received by the applicable Paying Agent or any other paying agent in writing not less than 15 calendar days prior to the applicable Interest Payment Date.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, payments of principal of and any premium and interest on Foreign Currency Senior Notes will be made in U.S. dollars unless the holder thereof elects to receive such payments in the Specified Currency as described below.

Any U.S. dollar amount to be received by a holder of a Foreign Currency Senior Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day with respect to such Senior Note preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Foreign Currency Senior Notes scheduled to receive U.S. dollar payments and at which the applicable dealer commits to execute a contract. If such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the holder of the Foreign Currency Senior Notes by deductions from such payments.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, a holder of a Foreign Currency Senior Notes may elect to receive payment of the principal of and any premium and interest on such Senior Note in the Specified Currency by transmitting a written request for such payment to the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be. Such request, which must include the wire transfer instructions referred to below, may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. A holder of a Foreign Currency Senior Note may elect to receive payment in the Specified Currency for all principal and any premium and interest payments and need not file a separate election for each payment. All costs associated with such currency exchange will be paid by the holder. Such election will remain in effect until revoked by written notice to the applicable Paying Agent, but written notice of any such revocation must be received by the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be.

The payment of principal of and any premium or interest on Foreign Currency Senior Notes paid in the Specified Currency other than at Maturity will be made by check drawn upon a bank office located outside the United States, and any such payments due at Maturity will be made by wire transfer of immediately available funds to an account maintained by the Holder with a bank office located in the country which issued the Specified Currency upon presentation of such Senior Notes to the applicable Paying Agent or any other paying agent in time for such wire transfer to be made by the applicable Paying Agent or such other paying agent in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or any premium or interest with respect to a Foreign Currency Senior Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to holders of Foreign Currency Senior Notes by making such payment in U.S. dollars on the basis of the market exchange rate on the second Market Day prior to the date of such payment, or if such market exchange rate is not then available, on the basis of the most recently available market exchange rate.

Each payment in respect of a Registered Note in definitive form will be made to the person shown as the Registered Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (in respect of such Senior Notes, the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Registered Holder in the Register at the opening of business on the relevant Record Date. Each payment in respect of a Registered Note in global form will be made to the person shown as the Registered Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business

Day before the due date for such payment (in respect of such Senior Notes, the "**Record Date**"), where "**Clearing System Business Day**" means a day on which each clearing system for which the Relevant Global Certificate is being held is open for business.

(b) ***Payment Day***

If the date for payment of any amount in respect of any Senior Note 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 (unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms), "**Payment Day**" means any day which (subject to Condition 5 (*Payments*)) is:

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

(A) the relevant place of presentation;

(B) any Additional Business Center specified in the applicable Final Terms and/or Pricing Term Sheet; 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 center of the country of the relevant Specified Currency (if other than the place of presentation and any Financial Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

(c) ***Interpretation of Principal and Interest***

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

(i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);

(ii) the Final Redemption Amount of the Senior Notes;

(iii) the Early Redemption Amount of the Senior Notes;

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

(v) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined below); and

(vi) any premium and any other amounts (other than accrued interest) which may be payable by the Issuer under or in respect of the Senior Notes.

Any reference in these Terms and Conditions to interest in respect of the Senior Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

6. Redemption and Purchase

(a) ***Redemption at Maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Senior Note will be redeemed by the Issuer at its Final Redemption Amount (together with any

accrued interest) specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms in the relevant Specified Currency on the Maturity Date or the Interest Payment Date falling in the Redemption Month (as defined and specified in the applicable Final Terms).

(b) ***Redemption for Tax Reasons***

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Senior Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Senior Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Senior Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Senior Notes; **provided, however, that** (1) no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts in respect of the Senior Notes were a payment in respect of the Senior Notes then due (2) at the time such notice of redemption is given, such obligation to pay such additional amounts remains in effect and (3) any election by the Issuer to make any withholding pursuant to Condition 7(a) (*Taxation*) shall not prevent the Issuer from giving such notice.

Each Senior Note redeemed pursuant to this Condition 6(b) will be redeemed at its Early Redemption Amount referred to in Condition 6(e) (*Early Redemption Amounts*) 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 Pricing Term Sheet and/or Final Terms, the Issuer may at its option, and, subject as provided in Condition 6(e) (*Early Redemption Amounts*) below and having given:

(i) not less than 30 nor more than 60 days' notice, or such other period of notice as is specified in the applicable Pricing Term Sheet and/or Final Terms, to the Senior Noteholders in accordance with Condition 12 (*Notices*); and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent, (both of which notices shall be irrevocable),

redeem all or some only of the Senior 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 and/or Pricing Term Sheet together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

All notices of redemption shall identify the Senior Notes to be redeemed (including CUSIP, Common Code and ISIN numbers), the date fixed for redemption, the redemption price, the manner in which redemption will be effected and, in the case of a partial redemption, the serial numbers (and principal amounts) of the Senior Notes to be redeemed.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as indicated (if at all) in the applicable Pricing Term Sheet and/or Final

Terms. In the case of a partial redemption of Senior Notes, the Senior Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Senior Notes, and in accordance with the rules of DTC or, if applicable, Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands (to be reflected in the records of DTC or Euroclear and Clearstream, Luxembourg (as applicable) as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Certificate, not more than 60 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 Senior Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Certificate will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect shall be given by the Issuer to the Senior Noteholders in accordance with Condition 12 (*Notices*) at least 5 days prior to the Selection Date.

If Senior Notes are to be redeemed in part only on any date in accordance with this Condition 6(c), then:

(i) if the Senior Notes are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, each Registered Note shall be redeemed in part in compliance with the requirements of the listing authority, stock exchange and/or quotation system on or by which the Registered Notes are so admitted to listing, trading and/or quotation; or

(ii) if the Senior Notes are not admitted to listing trading and/or quotation on any listing authority, stock exchange and/or quotation system or if the relevant listing authority, stock exchange and/or quotation system has no requirement in that regard each Senior Note shall be redeemed in part in the proportion which the aggregate nominal amount of the outstanding Senior Notes to be redeemed on the date fixed for such redemption bears to the aggregate nominal amount of outstanding Senior Notes on such date.

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

If Investor Put is specified in the applicable Pricing Term Sheet and/or Final Terms, upon the holder of any Senior Note giving to the Issuer in accordance with Condition 12 (*Notices*) not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms and/or Pricing Term Sheet (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 and/or Pricing Term Sheet, in whole (but not in part), such Senior Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Term Sheet and/or Final Terms.

To exercise the right to require redemption of this Senior Note its holder must, if this Senior Note is in definitive form and held outside DTC or, if applicable, Euroclear and Clearstream, Luxembourg, deliver at the specified office of the Registrar at any time during normal business hours of such Registrar falling within the notice period, a duly signed and completed Exercise Notice in the form (for the time being current) obtainable from any specified office of the Registrar (a "**Put Notice**").

If this Senior Note is represented by a Global Certificate or is in definitive form and held through DTC or, if applicable, Euroclear or Clearstream, Luxembourg to exercise the

right to require redemption of this Senior Note the holder of this Senior Note must, within the notice period, give notice to the Registrar of such exercise in accordance with the standard procedures of DTC or, if applicable, Euroclear and Clearstream, Luxembourg in a form acceptable to DTC, or if applicable, Euroclear and Clearstream, Luxembourg.

(e) ***Early Redemption Amounts***

For the purpose of Condition 6(b) (*Redemption for Tax Reasons*) above and Condition 9 (*Events of Default*), each Senior Note will be redeemed at its Early Redemption Amount calculated as follows:

(i) in the case of a Senior Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

(ii) in the case of a Zero Coupon Note, at an amount (the "**Amortized Face Amount**") equal to the product of:

(A) the Reference Price specified in the Final Terms and/or the Pricing Term Sheet; and

(B) the sum of the figure 1 and the Accrual Yield specified in the Final Terms and/or the Pricing Term Sheet, 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 Senior Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Senior 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 and/or Pricing Term Sheet; and

(C) if the amount payable with respect to any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6(b) (*Redemption for Tax Reasons*) above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is not paid or available for payment when due, the amount due and repayable with respect to such Zero Coupon Note shall be the Amortized Face Amount of such Zero Coupon Note calculated as provided above as though the references in sub-paragraph (B) above to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the "**Reference Date**") which is the earlier of:

(1) the date on which all amounts due with respect to the Senior Note have been paid; and

(2) the date on which the full amount of the monies repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 12 (*Notices*).

The calculation of the Amortized Face Amount in accordance with this sub-paragraph (C) will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the principal amount of such Senior Note together with interest at a rate per annum equal to the Accrual Yield.

Where any such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12

months of 30 days each and, in the case of an incomplete month, the number of days elapsed; or

(iii) in the case of a Senior Note with a Final Redemption Amount greater or lesser than the Issue Price, at either par or the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms or, if no such amount or manner is so specified in the Pricing Term Sheet and/or Final Terms, at their nominal amount.

(f) ***Purchases***

The Issuer or any of its subsidiaries may at any time purchase Senior Notes at any price in the open market or otherwise. Such Senior Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(g) ***Cancellation***

All Senior Notes which are redeemed will forthwith be cancelled. All Senior Notes so cancelled and the Senior Notes purchased and cancelled pursuant to Condition 6(f) (*Purchases*) above shall be forwarded to the Agent and cannot be re-issued or resold.

7. **Taxation**

All payments of principal and interest in respect of the Senior Notes by the Issuer will be made free and clear and 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 Pricing Term Sheet and/or 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 Senior Notes and shall not pay any additional amounts to the holders of the Senior Notes; or

(b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Senior Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Senior Notes 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 Senior Note:

(i) presented for payment by or on behalf of a Senior Noteholder who is liable for such taxes or duties in respect of such Senior Note by reason of his having some connection with The Netherlands other than the mere holding of such Senior Note, or the receipt of principal or interest in respect thereof; or

(ii) presented for payment by or on behalf of a Senior Noteholder 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 5(b) (*Payment Day*)).

The Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S.

Internal Revenue Service ("**FATCA Withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA Withholding deducted or withheld by the Issuer, the paying agent or any other party.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Senior Noteholders in accordance with Condition 12 (*Notices*).

8. **Prescription**

The Senior Notes will become void unless claims in respect of principal and/or interest are made within a period of five years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

9. **Events of Default**

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

(a) default in the payment of principal when due unless otherwise specified in the Final Terms and/or Pricing Term Sheet; or

(b) default is made for more than 30 days in the payment of interest in respect of the Senior Notes of the relevant series; or

(c) the Issuer fails to perform or observe or comply with any of its other obligations under the Senior Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or

(d) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under article 3:163(1)(b) of the Wft; or

(e) 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 Senior Notes,

then any Senior Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare the Senior 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 (as described in Condition 6(e) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

10. **Replacement of Senior Notes**

Should any Senior Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal 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 Senior Notes must be surrendered before replacements will be issued.

11. **Agent and Paying Agents**

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

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

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

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

(c) there will at all times be a Fiscal Agent and a Registrar.

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 5(a) (*Principal, Interest and Record Date*). 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 Senior Noteholders in accordance with Condition 12 (*Notices*).

12. **Notices**

Notices shall be given in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the stock exchange or applicable clearing system specified in the applicable Final Terms and/or Pricing Term Sheet and need not be given by mail unless required by the rules of the stock exchange or applicable clearing system.

Notices given by any Registered Holder shall be in writing and given by lodging the same with the Registrar at its specified office.

13. **Amendment and Waiver**

The Senior Notes Agency Agreement contains provisions for sanctioning by Senior Noteholder consent of a modification of the Senior Notes or certain provisions of the Senior Notes Agency Agreement. The Agent and the Issuer may agree, without the consent of the Senior Noteholders, to:

(a) any modification of the Senior Notes Agency Agreement which is in the Issuer's opinion not materially prejudicial to the interests of the Senior Noteholders; or

(b) any modification of the Senior Notes or the Senior Notes 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 and/or overriding provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any other amendment of the Senior Notes or the Senior Notes Agency Agreement may be made only with the consent of the Senior Noteholders. The Issuer and the Fiscal Agent, if applicable, may amend the Senior Notes or the Senior Notes Agency Agreement with the written consent of the Holders of at least a majority in principal amount of the Senior Notes then outstanding voting as a single class (including consent obtained in connection with a tender offer or exchange of the Senior Notes); **provided however that** without the consent of 100% of the then outstanding aggregate principal amount of the Senior Notes, no amendment may:

(a) reduce the amount of Senior Notes whose holders must consent to an amendment;

(b) reduce the rate of or extend the time for payment of interest on any Senior Note;

(c) reduce the principal or extend the Stated Maturity or Redemption Month of any Senior Note;

(d) reduce the premium or amount payable upon the redemption of any Senior Note or change the time at which any Senior Note may be redeemed in accordance with its terms;

(e) make any Senior Note payable in currency other than that stated in such Senior Note;

(f) expressly subordinate any Senior Note to any other indebtedness of the Issuer save as permitted in accordance with its terms;

(g) impair the right of any Senior Noteholder to receive payment of principal, premium, if any, and interest on such Holder's Senior Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Senior Notes; or

(h) make any amendment to the Events of Default as described in the Conditions.

Any such modification shall be binding on the Senior Noteholders and any such modification shall be notified to the Senior Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

14. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Senior Noteholders to create and issue further Senior Notes having terms and conditions the same as the Senior 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 Senior Notes.

15. **Substitution of the Issuer**

(a) The Issuer may, with the consent of the Senior Noteholders which will be deemed to have been given in respect of each Tranche of Senior Notes on which no payment of principal of or interest on any of the Senior Notes is in default, be replaced and substituted by either (A) any directly or indirectly wholly owned subsidiary of the Issuer or (B) ABN AMRO Group N.V. (such substituting entity, the "**Substituted Debtor**") as principal debtor in respect of the Senior Notes **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 favor of each Senior Noteholder to be bound by the Terms and Conditions of the Senior Notes and the provisions of the Senior Notes Agency Agreement as fully as if the Substituted Debtor had been named in the Senior Notes, and the Senior Notes Agency Agreement as the principal debtor in respect of the Senior Notes in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favor of each Senior Noteholder the payment of all sums (including any additional amounts payable pursuant to Condition 7 (*Taxation*)) payable in respect of the Senior Notes;

(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 Senior Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 (*Taxation*) 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 jointly and severally indemnify and hold harmless each Senior Noteholder 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 15 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 Senior Noteholder by any political sub-division or taxing authority of any country in which such Senior Noteholder 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 Substituted Debtor and the Issuer shall have 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 the Documents shall contain a representation by the Substituted Debtor and the Issuer that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Senior Noteholder;

(iv) each stock exchange which has Senior Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such Senior Notes would continue to be listed on such stock exchange;

(v) the Substituted Debtor shall have delivered to the Fiscal 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 three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Noteholders at the specified office of the Fiscal Agent;

(vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Noteholders at the specified office of the Fiscal Agent;

(vii) the Substituted Debtor shall have appointed an agent for the service of process in accordance with Condition 16(b) (*Jurisdiction*).

(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 Senior Noteholders 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 Senior Noteholder, except as provided in Condition 15(a)(ii) above, shall be entitled to claim from the Issuer or any Substituted Debtor under the Senior Notes any indemnification or payment in respect of any tax or other consequences arising from such substitution.

(c) Upon the execution of the Documents as referred to in Condition 15(a) above, and subject to the notice as referred to in Condition 15(e) below having been given, the Substituted Debtor shall be deemed to be named in the Senior Notes as the principal debtor in place of the Issuer and the Senior Notes 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 Senior Notes save that any claims under the Senior Notes prior to release shall enure for the benefit of Senior Noteholders.

(d) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Senior Notes remain outstanding and for so long as any claim made against the

Substituted Debtor by any Senior Noteholder in relation to the Senior Notes 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 Senior Noteholder to the production of the Documents for the enforcement of any of the Senior Notes or the Documents.

(e) Prior to, to the extent reasonably practicable but in any event no later than, 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Senior Noteholders in accordance with Condition 12 (*Notices*).

16. **Governing Law and Jurisdiction**

(a) ***Governing Law***

The Senior Notes and the Senior Notes Agency Agreement are governed by, and shall be construed and interpreted in accordance with, the laws of The Netherlands, including the choice of court agreement set out below in Condition 16(b) (*Submission to jurisdiction*).

(b) ***Jurisdiction***

In relation to any legal action or proceedings arising out of or in connection with the Senior Notes or the Senior Notes Agency Agreement, the courts in Amsterdam, The Netherlands and any state or federal court in the Borough of Manhattan, The City New York, New York shall have exclusive jurisdiction.

As a result, the Issuer hereby irrevocably consents and submits to the jurisdiction of any state or federal court in the Borough of Manhattan, The City New York, New York in person, generally and unconditionally with respect to any action, suit or proceeding for itself and in respect of its properties, assets and revenues. The Issuer hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Senior Notes.

The Issuer hereby irrevocably designates, appoints and empowers the New York Representative Office of ABN AMRO Bank N.V. at 565 Fifth Avenue, 25th Floor, New York, NY 10017, United States of America, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and its properties, assets and revenues, service of any and all legal process, summons, notices and documents that may be served in any action, suit or proceeding brought against it in any such state or federal court in the Borough of Manhattan, The City New York, New York United States, with respect to its obligations, liabilities or any other matter arising out of or in connection with the Senior Notes or any related additional agreement and that may be made on such designee, appointee and agent in accordance with legal procedures prescribed for such courts. If for any reason such designee, appointee and agent hereunder shall cease to be available to act as such, the Issuer agrees to designate a new designee, appointee and agent in the County of New York on the terms and for the purposes of this Condition 16(b) satisfactory to the Fiscal Agent. The Issuer further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any such action, suit or proceeding against it by serving a copy thereof upon the relevant agent for service of process referred to in this Condition 16(b) (whether or not the appointment of such agent shall for any reason prove to be ineffective or such agent shall accept or acknowledge such service) or by mailing copies thereof by registered or certified air mail, postage prepaid, to it at its registered address. The Issuer agrees that the failure of any such designee, appointee and agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall in any way be deemed to limit the ability of the Senior Noteholders to service any such legal process, summons, notices and documents in any other manner permitted by applicable law. The Issuer hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or

in connection with the Senior Notes or any related additional agreement brought in the courts in Amsterdam, The Netherlands or any state or federal court in the Borough of Manhattan, The City New York, New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

FORM OF SUBORDINATED NOTES FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Subordinated Notes issued under the Program with a minimum denomination at least US$200,000 (or its equivalent in another currency) but so that in no event the minimum denomination will be lower than EUR 100,000.

FINAL TERMS

Date: [•]

ABN AMRO Bank N.V.

(incorporated in The Netherlands with its statutory seat in Amsterdam and registered in the Commercial Register of the Chamber of Commerce under number 34334259)

Issue of [Aggregate [Principal][Nominal] Amount of Tranche] [Title of Subordinated Notes] (the "Notes")

under the Program for the issuance of Medium Term Notes

[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), as amended (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 Subordinated 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 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorized, nor do they authorize, the making of any offer of Subordinated Notes in any other circumstances.]

[In accordance with the Prospectus Directive, no prospectus is required in connection with the issuance of the Notes as described herein.]

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

The expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 24 April 2017 [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). This document constitutes the Final Terms of the Subordinated Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Subordinated Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [http://www.abnamro.com/en/investor-relations/debt-investors/index.html]. Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any

supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.]

[Terms used herein shall be deemed to be defined as such for the purposes of the [*date*] Conditions (the "**Conditions**") in the base prospectus dated [*original date*] [as supplemented by a supplement dated [*date*] [which are incorporated by reference in the Base Prospectus dated 24 April 2017]. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated 24 April 2017 [as supplemented by a supplement dated [*date*]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] [and the supplement(s) to it dated [•]]. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [http://www.abnamro.com/en/investor-relations/debt-investors/index.html]. Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

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

1.	Issuer:		ABN AMRO Bank N.V.
2.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes become fungible:	[Not Applicable] [The Notes will be consolidated, form a single series and be interchangeable for trading purposes with the [*insert description of the Series*] on [[*insert date*]/[*the Issue Date*]/[, which is expected to occur on or about [*insert date*] (*40 days after the Issue Date of the new Notes*)]].]
3.	Specified Currency or Currencies		[•]
4.	Aggregate [Principal][Nominal] Amount:		
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
5.	Issue Price of Tranche:		[•]% of the Aggregate [Principal][Nominal] Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]

6.	(a)	Specified Denominations:	[•] ["144A Global Certificates denominated in U.S. dollars: US$200,000 and integral multiples of US$1,000 in excess thereof."] ["[EUR100,000] or equivalent and integral multiples of [EUR1,000] or equivalent in excess thereof up to and including [EUR199,000] or equivalent. No Notes in definitive form will be issued with a denomination above [EUR199,000] or equivalent."]
	(b)	Calculation Amount	[•] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor*.)
7.	(i)	Issue Date	[•]
	(ii)	Interest Commencement Date:	[Issue Date/Not Applicable/[•]]
8.	Maturity Date [or Redemption Month]:		[•] (*Specify Date or (for Floating Rate) Interest Payment Date falling in or nearest to [specify month and year]. Redemption Month should only be used where the term of the Notes is an even number of years from the Issue Date*.]
9.	Interest Basis:		[[•]% Fixed Rate] [+/– [•]% Floating Rate] (*specify particular interest basis*) [CD Rate] [CMT Rate] [Federal Funds Rate] [Eleventh District Cost of Funds Rate] [Prime Rate] [Treasury Rate] [Commercial Paper Rate] [[•] Month EURIBOR] [[•] Month LIBOR] (further particulars specified in paragraph[s] [15][16] below)
10.	Redemption/Payment Basis:		[Redemption at par] [Redemption at [•]% of [Principal Amount][Notional Amount]]
11.	Change of Interest Basis:		[Applicable/Not Applicable] [*Specify the date when any fixed to floating rate change occurs or refer to paragraphs 15 and 16 below and identify there*]
12.	Call Options:		[Not Applicable]

		[Issuer Call] [Regulatory Call] [(further particulars specified below)]
13.	Status of the Notes:	Subordinated [Tier 2] 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:	[From (and including) [•] up to (but excluding) [•]] [[•]% per annum] [from (and including) [•] up to (but excluding) [•]] [the aggregate of [•]% and the Mid Swap Rate per annum] [determined by the Agent] [payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date] ["**Mid Swap Rate**" means the annual mid swap rate for [Euro/U.S. dollar] swap transactions with a maturity of [•] years, expressed as a percentage, displayed on Reuters screen page [•] (or such other page as may replace that page on Reuters, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at [•] [a.m./p.m.] ([•] time) on the [second/[•]] Business Day prior to [•].]
	(ii)	Fixed Interest Period:	[•]
	(iii)	Interest Payment Date(s):	[•] in each year, up to and including the Maturity Date[, in each case subject to adjustment in accordance with the [Following/Modified/Preceding] Business Day Convention[, Unadjusted]] (*NB: This will need to be amended in the case of long or short coupons*)
	(iv)	First Interest Payment Date:	[•]
	(v)	Fixed Coupon Amount(s):	[Not Applicable] [[•] per Note of Calculation Amount][(For the avoidance of doubt, the amount of interest payable on the Interest Payment Date shall be the Fixed Coupon Amount or any Broken Amount, if applicable)].
	(vi)	Initial/Final Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(vii)	Day Count Fraction:	[30/360] [30E/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360]

		[30E/360 (ISDA)]
(viii)	Determination Date(s):	[[•] in each year / Not Applicable] (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*) *NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration* *NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
(ix)	Additional Business Center(s):	[None/[•]]
16.	**Floating Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Interest Period(s):	[•]
(ii)	Interest Commencement Date:	[•]
(iii)	Interest Determination Date(s):	[•] (*Second London Banking Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period of Sterling LIBOR and the second day which is also a TARGET2 Day prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
(iv)	First Interest Payment Date:	[•]
(v)	Specified Interest Payment Dates:	[[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (vi) below]
(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/None]
(vii)	Unadjusted	[No/Yes/Not applicable] (*Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.*)
(viii)	Additional Business Center(s):	[•]
(ix)	Manner in which the Rate of Interest and Interest	[Reference Rate Determination/ISDA Determination]

	Amounts is to be determined:	
(x)	Party responsible for calculating the Rate of Interest and Interest Amounts (if not the Calculation Agent):	[•]
(xi)	Reference Rate Determination:	[Yes/No] (*If "No", delete the remaining sub-paragraphs of this paragraph (xi)*)
	• Initial Interest Rate:	[•]
	• Index Maturity:	[•]
	• Interest Basis or Bases:	[CD Rate] [CMT Rate] [Commercial Paper Rate] [Eleventh District Cost of Funds Rate] [EURIBOR] [Federal Funds Rate] [LIBOR] [Prime Rate] [Treasury Rate]
	• Index Currency:	[•]
	• Spread:	[+/-][•]% per annum
	• Spread Multiplier:	[•]
	• Relevant Screen Page:	[Condition 4(b)(ii)(B)[(1)][(2)][(3)][(4)][(5)][(6)][(7)][(8)][(9)] applies/[•]]
	• Interest Determination Date(s):	[•]
	• Initial Interest Reset Date:	[•]
	• Initial Reset Period:	[•]
	• Interest Reset Dates:	[•]
(xii)	ISDA Determination:	[Yes/No] (*If "No", delete the remaining sub-paragraphs of this paragraph (xii)*)
	• Floating Rate Option:	[•]

	• Designated Maturity:	[•]
	• Reset Date:	[•]
	• [ISDA Definitions:	[2000/2006]]
(xiii)	Margin(s):	[+/–] [•]% per annum
(xiv)	Minimum Rate of Interest:	[•]% per annum
(xv)	Maximum Rate of Interest:	[•]% per annum
(xvi)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [30E/360] [30E/360 (ISDA)]
(xvii)	Reference Bank(s) or Dealer(s) (if any):	[Not Applicable/[•]]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(iii)	Party responsible for calculating Optional Redemption Amount (if not the Fiscal Agent, Calculation Agent or Exchange Rate Agent):	[•]
	(iv)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•]
		(b) Maximum Redemption Amount:	[•]
	(v)	Notice period (if other than as set out in the Conditions):	[•] days
18.	Final Redemption Amount of each Note:		[[•] per Calculation Amount]
	(i)	Payment date (if other than as set out in the Conditions):	[Not Applicable/[•]]

19.	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or upon an event of default or other early redemption (if required or different from that set out in Condition 6(e)):	[•] per Calculation Amount
20.	Regulatory Call of Subordinated Notes:	[Applicable/Not Applicable]
	(i) Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(ii) Notice period (if other than as set out in the Conditions):	[•] days
21.	Variation or Substitution of Subordinated Notes:	[Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	[Registered] [DTC Regulation S Global Certificate registered in the name of, or nominee of, DTC] [Regulation S Global Certificate registered in the name of, or the name of a nominee of, [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Certificate registered in the name of, or the name of a nominee of, DTC]
23.	New Safekeeping Structure:	[Yes/No]
24.	Additional Financial Center(s):	[Not Applicable/[•]]
25.	[For the purposes of Condition 12, notices to be published in the Financial Times:]	[Yes/No]
26.	Whether Condition 7(a) of the Notes applies (in which case Condition 6(b) of the Notes will not apply) or whether Condition 7(b) and Condition 6(b) of the Notes apply:	[Condition 7(a) applies and Condition 6(b) does not apply/Condition 7(b) and Condition 6(b) apply]
27.	Condition 15 of the Notes applies	[Yes/No]

DISTRIBUTION

28.	(i) If syndicated, names of Agents:	[Not Applicable/[•]]
	(ii) Date of Pricing Term Sheet	[•]
	(iii) Stabilizing Manager(s) (if	[Not Applicable/[•]]

	any):	
29.	If non-syndicated, name of relevant Agent:	[Not Applicable/[•]]
30.	Eligibility:	[Rule 144A only/Reg S only/Rule 144A and Reg S]
31.	U.S. Selling Restrictions:	[144A/Reg S]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] relating to paragraph [•] above has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of ABN AMRO Bank N.V.:

By: ..... By: .....
Duly authorized Duly authorized

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Admission to Trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/*specify relevant regulated market and, if relevant, admission to an official list*]] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam/*specify relevant regulated market and, if relevant, admission to an official list*] with effect from [•].] [Not Applicable]
(ii)	Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings:	[[The Notes to be issued [have [not] been/are expected to be] rated[:]]/[The following ratings reflecting ratings assigned to Notes of this type issued under the Program generally:]] [S & P: [•]] [Moody's: [•]] [Fitch: [•]] [[Other]: [•]] [*Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.] [*Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority].] [[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation.] [[Insert full legal name of credit rating agency/ies] [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").*] (*The above disclosure should reflect the rating allocated to Notes of the type issued under the Program generally or, where the issue has been specifically rated, that rating*.) (A rating does not constitute a recommendation to purchase, sell or hold a particular Note.)

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

[Save for any fees payable to the Agents, so far as the Issuer is aware, no person involved in the issue 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 Offering Circular under Article 16 of the Prospectus Directive.)]

The Agents and their respective affiliates are full service financial institutions and they may provide or may have in the past provided services to the Issuer in that capacity, and they may hold or make investment recommendations relating to securities or instruments of the Issuer. See "*Plan of Distribution*".

4. **[REASONS FOR THE OFFER**

Reasons for the offer:	[•] (*See "Use of Proceeds" wording in Base Prospectus – if reasons for offer are different will need to include those reasons here*.)]

5. **[YIELD** (*Fixed Rate Notes only*)

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

6. **OPERATIONAL INFORMATION**

(i)	CUSIP:	*Rule 144A*: [•] [*Regulation S*: [•]]
(ii)	ISIN Code:	*Rule 144A*: [•] *Regulation S*: [•]
(iii)	Common Code:	*Rule 144A*: [•] *Regulation S*: [•]
(iv)	Any clearing system(s) other than DTC or Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/give name(s) and numbers(s)]
(v)	Delivery:	Delivery [against/free of] payment
(vi)	Names and addresses of additional Paying Agent(s) (if any):	[•]
(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No] [Note that the designation "yes" does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem

eligibility criteria have been met.

The Notes will be deposited initially upon issue with one of the ICSDs acting as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)].]

[No.

Whilst the designation is specified as "no", should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs acting as common safekeeper[. / (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). [*include this text for registered notes*]] Note that this does not mean that the Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following are the Terms and Conditions of Subordinated Notes to be issued by the Issuer (each, a "**Condition**") which will be incorporated by reference into each Global Certificate and the definitive Notes (if any) representing the Subordinated Notes. The applicable Pricing Term Sheet and/or Final Terms in relation to any Tranche of Subordinated 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 Subordinated Notes. The applicable Pricing Term Sheet and/or Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Certificate and definitive Note representing the Subordinated Notes. Reference should be made to "Book Entry, Delivery, Form and Settlement" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Subordinated Note is one of a series of Subordinated Notes issued by ABN AMRO Bank N.V. (in such capacity, the "**Issuer**", which expression shall include any transferee or substituted debtor pursuant to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*) or Condition 15 (*Substitution of the Issuer*) (if applicable)) pursuant to the Subordinated Notes Agency Agreement (as defined below). References herein to the "**Subordinated Notes**" shall be references to the Subordinated Notes of this Series (as defined below) and shall mean (i) in relation to any Subordinated Notes represented by a Global Certificate, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Subordinated Notes issued in exchange for a Global Certificate and (iii) any Global Certificate. The Subordinated Notes will be issued in accordance with a Subordinated Notes Agency Agreement dated as of 24 April 2017 (as supplemented, amended and/or replaced from time to time, the "**Subordinated Notes Agency Agreement**"), among the Issuer, The Bank of New York Mellon, London Branch, as fiscal agent (the "**Fiscal Agent**") and transfer agent (the "**Transfer Agent**"), The Bank of New York Mellon, New York as U.S. registrar (the "**U.S. Registrar**") and U.S. paying agent (the "**U.S. Paying Agent**"), The Bank of New York Mellon SA/NV, Luxembourg Branch as European paying agent (the "**European Paying Agent**", and together with the U.S. Paying Agent, the "**Paying Agents**," and each individually, a "**Paying Agent**") and European registrar (the "**European Registrar**" and, together with the U.S. Registrar, the "**Registrars**" and, each, a "**Registrar**"). The terms Fiscal Agent, U.S. Registrar, U.S. Paying Agent, European Paying Agent, Transfer Agent, and European Registrar shall include any additional or successor agents appointed in such capacities by the Issuer. The Subordinated Notes Agency Agreement permits the appointment of other agents, including one or more calculation agents (each, a "**Calculation Agent**") and a currency exchange agent (the "**Exchange Rate Agent**"). Unless otherwise indicated in an applicable Pricing Term Sheet and/or Final Terms, The Bank of New York Mellon will act as Calculation Agent and as Exchange Rate Agent with respect to the Subordinated Notes. Because the Subordinated Notes will not be issued pursuant to an indenture, each Subordinated Noteholder will be responsible for acting independently with respect to certain matters affecting such holder's Subordinated Notes, including enforcing any covenants contained therein and in connection with the Subordinated Notes, and responding to any requests for consents or waivers. The term "**Registered Note**" means a Subordinated Note in registered form.

Any reference herein to "**Subordinated Noteholders**" shall mean the several persons who are for the time being holders of outstanding Subordinated Notes (being, the registered owners thereof as reflected in the relevant Registers), except that for so long as any of the Subordinated Notes are represented by a Global Certificate, each person who is for the time being shown in the records of DTC and/or Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Subordinated Notes (other than Clearstream, Luxembourg if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear if Euroclear shall be an account holder of Clearstream, Luxembourg) (in which regard any certificate or other document issued by DTC and/or Euroclear and Clearstream, Luxembourg as to the principal amount of such Subordinated Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by ABN AMRO Bank N.V. and the Fiscal Agent as a holder of such principal amount of such Subordinated Notes for all purposes other than for the payment of principal, premium (if any) and interest on such Subordinated Notes, the right to which shall be vested, as against ABN AMRO Bank N.V. and the Fiscal Agent, solely in the person in whose name the Global Certificate is registered in accordance with and subject to its terms (and the expressions "**Holder**", "**Holder of Subordinated Notes**" and related expressions shall be construed accordingly).

The Final Terms for this Subordinated Note is endorsed hereon or attached hereto 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 Subordinated Note. References herein to the "**applicable Final Terms**" are to the Final Terms for this Subordinated Note. References herein to the "**applicable Pricing Term Sheet**" are to the Pricing Term Sheet for this Subordinated Note.

As used herein, "**Tranche**" means Subordinated Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Subordinated Notes together with any further Tranche or Tranches of Subordinated Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) 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 Subordinated Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet are available for viewing at the specified offices of each of the Fiscal Agent, the Registrars and the other Paying Agents and at the registered offices of the Issuer and copies may be obtained from those offices. The Subordinated Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Subordinated Notes Agency Agreement and the applicable Final Terms and/or Pricing Term Sheet which are binding on them.

Words and expressions defined in the Subordinated Notes Agency Agreement or used in the applicable Final Terms and/or Pricing Term Sheet shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. Any references in these Conditions to any particular provision, article, clause, section or paragraph of a law, directive, regulation or other legislation shall include such provision, article, clause, section or paragraph as consolidated, amended, re-enacted or replaced).

1. **Form, Denomination and Title**

The Subordinated Notes are issued in registered form without interest coupons attached and, in the case of definitive Subordinated Notes, serially numbered, in the Specified Currency, the Specified Denomination(s) and the specified Form(s).

This Subordinated Note may be a Fixed Rate Note, a Floating Rate Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms and/or Pricing Term Sheet.

The Subordinated Notes are represented by one or more global registered note certificates (each, a "**Global Certificate**") without receipts, interest coupons or talons. A Global Certificate will be issued to each person in whose name a Global Certificate is for the time being registered in the Register (as defined in this Condition 1), or, in the case of a joint holding, the first named thereof (the "**Registered Holder**"), in respect of its holding. The serial number of each Global Certificate will be recorded in the Register. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the U.S. Registrar or European Registrar (as the case may be) in accordance with the provisions of the Subordinated Notes Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction, a competent regulatory authority or as required by law or applicable regulations, the Issuer, the Fiscal Agent, the Registrar, any Paying Agent and any Transfer Agent may deem and treat the Registered Holder of any Subordinated Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph and to the definition of "*Holder of Subordinated Notes*" above.

For so long as DTC, Euroclear, or Clearstream, Luxembourg, as the case may be, or its nominee is the Registered Holder of a Global Certificate, such holder shall (except as otherwise provided by applicable law or regulatory requirements) be treated by the Issuer, the Fiscal Agent, any Paying Agent, the Registrar and any Transfer Agent as the absolute owner of such principal amount of such Subordinated Notes for the purposes of payment of principal, premium (if any) and interest on the Subordinated Notes and no person shall be liable for so treating such

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

The Subordinated Notes are in the minimum denomination specified in the Final Terms and/or Pricing Term Sheet or integral multiples thereof.

2. **Transfers and Exchange of Subordinated Notes**

(a) ***Transfers Generally***

Ownership of beneficial interests in Global Certificates will be evidenced only by, and transfers thereof will be effected only through, records maintained by the relevant clearing system through which such beneficial interests are held and such clearing system's direct and indirect participants. Owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of definitive Subordinated Notes except in certain limited circumstances, including closure of the relevant clearing system(s). Any registered interests in a Global Certificate (i) may, upon the terms and subject to the conditions set forth in the Subordinated Notes Agency Agreement, be transferred by the Registered Holder in whole or in part only (**provided that** such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms and/or Pricing Term Sheet) upon the surrender of the Subordinated Notes to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Subordinated Note will be issued to the transferee and, in the case of a transfer of part only of a Subordinated Note, a new Subordinated Note in respect of the balance not transferred will be issued to the transferor and (ii) will be transferable only in accordance with the rules and procedures for the time being as in effect from time to time of DTC, Euroclear and/or Clearstream, Luxembourg or such other applicable clearing system as the case may be.

(b) ***Exchange and Transfer of Definitive Subordinated Notes***

(i) *Exchange for Definitive Subordinated Notes*

Unless otherwise provided in the applicable Pricing Term Sheet and/or Final Terms, beneficial interests in a Global Certificate will be exchangeable by the Issuer in whole but not in part only at the option of the Registered Holder for definitive Subordinated Notes, only if such exchange is permitted by applicable law and (i) in the case of a DTC Global Certificate, DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the DTC Global Certificate or DTC ceases to be a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, if so required by applicable law or regulation, and, in either case, a successor depositary is not appointed by the Issuer within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, (ii) in the case of any other Global Certificate, if the clearing system(s) through which it is cleared and settled is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and a successor or successors is or are not appointed by the Issuer within 90 days from the commencement of such closure, announcement or cessation of business, or (iii) upon an Event of Default as described in Condition 9 (*Events of Default*).

(ii) *Transfers of Definitive Subordinated Notes*

Subject to paragraphs (iii), (iv) and (v) below, a definitive Subordinated Note may be transferred upon surrender of the definitive Subordinated Note, with the endorsed form of transfer duly completed (or another form of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), at the specified office of the Relevant Registrar or any Paying Agent, together with such

evidence as the Relevant Registrar or (as the case may be) such Paying Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the definitive Subordinated Notes represented by the surrendered definitive Subordinated Notes are the subject of the transfer, a new definitive Subordinated Note in respect of the balance of the definitive Subordinated Notes will be issued to the transferor.

(iii) *Registration and delivery of Definitive Subordinated Notes*

Within five business days of the surrender of a definitive Subordinated Note and receipt of the form of transfer or duly signed and completed notice of exercise (an "**Exercise Notice**") in accordance with paragraph (ii) above, the Relevant Registrar will register the transfer in question and deliver a new definitive Subordinated Note of a like principal amount to the definitive Subordinated Notes transferred to each transferee at its specified office or (as the case may be) the specified office of any Paying Agent or (at the request and risk of any such relevant transferee) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such transferee. In this paragraph (iii), "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Relevant Registrar or (as the case may be) the relevant Transfer Agent has its specified office. Title to such definitive Subordinated Note passes by registration, as evidenced by entries in the applicable Register.

(iv) *No charge*

The transfer of a definitive Subordinated Note will be effected without charge by or on behalf of the Issuer, the Relevant Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer.

(v) *Closed periods*

Neither transferors nor transferees may require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(vi) *Regulations concerning transfers and registration*

All transfers of definitive Subordinated Notes and entries on the Register are subject to the detailed regulations concerning the transfer of definitive Subordinated Notes scheduled to the Subordinated Notes Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

(c) ***Exchange Between Regulation S Global Certificates and Rule 144A Global Certificates***

Beneficial interests in a Regulation S Global Certificate may be transferred to a person who wishes to hold a beneficial interest in a Rule 144A Global Certificate only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor (in the form set out in the Subordinated Notes Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional

buyer, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States.

Beneficial interests in a Rule 144A Global Certificate may also be transferred to a person who wishes to hold a beneficial interest through a Regulation S Global Certificate, but only upon receipt by the Relevant Registrar, the Transfer Agent and the Relevant Paying Agent of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or with Rule 144A (if available) under the Securities Act.

Any beneficial interest in either a Rule 144A Global Certificate or a Regulation S Global Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Certificate will, upon transfer, cease to be a beneficial interest in such Global Certificate and become a beneficial interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Certificate.

3. **Status and Terms relating to Subordinated Notes**

Condition 3(a) will apply in respect of the Subordinated Notes for so long as any Existing Subordinated Note is outstanding. Upon redemption or repurchase and cancellation of the full outstanding principal amount of the Existing Subordinated Notes (the "**Existing Subordinated Notes Redemption Event**"), Condition 3(b) will automatically replace and supersede Condition 3(a).

"**Existing Subordinated Notes**" means any instrument or loan issued or incurred before 1 January 2013, whether publicly or privately placed, ranking or expressed to be ranking *pari passu* with all other subordinated obligations (except for those subordinated obligations expressed by their terms to rank junior), provided that should any such Existing Subordinated Notes be amended in any way (contractually or by statute) which would result in allowing the Issuer to issue subordinated notes ranking senior thereto, then such Subordinated Notes would be deemed to no longer constitute part of Existing Subordinated Notes. For the avoidance of doubt, on 24 April 2017 Existing Subordinated Notes included the following publicly placed instruments with the following ISIN / CUSIP Codes:

ISIN	Issue Size	Currency	Coupon	Issue Date	Final Maturity Date	First Call Date
XS0619548216.....	1,227,724,000	EUR	6.38%	27/04/2011	27/04/2021	N/A
XS0619547838.....	595,0000,000	USD	6.25%	27/04/2011	27/04/2022	N/A
XS0802995166.....	1,000,000,000	EUR	7.13%	06/07/2012	06/07/2022	N/A
XS0827817650.....	1,500,000,000	USD	6.25%	13/09/2012	13/09/2022	13/09/2017
XS0848055991.....	1,000,000,000	SGD	4.70%	25/10/2012	25/10/2022	25/10/2017
USN0028HAP03.....	113,000,000	USD	7.75%	30/06/2011	15/05/2023	N/A

The Subordinated Notes of this Series may qualify as Tier 2 capital ("**Tier 2 Notes**") as specified in the applicable Final Terms for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

(a) ***Prior to the Existing Subordinated Notes Redemption Event:***

The Subordinated Notes constitute unsecured and subordinated 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 (other than those subordinated obligations expressed by their terms to rank junior to the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law.

The claims of the holders of the Subordinated Notes of this Series 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 is in a situation which requires special measures (*noodregeling*) in the interests of all creditors,

as referred to in Chapter 3.5.5 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*, the "**Wft**"), 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 (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (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 Noteholder will, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, only be made after, and any set-off by a Subordinated Noteholder shall be excluded until, all obligations of the Issuer resulting from higher ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

(b) ***As from the Existing Subordinated Notes Redemption Event:***

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

As a result, the claims of the holders of the Subordinated Notes of this Series 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 is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Dutch Act on financial supervision (*Wet op het financieel toezicht*, the "**Wft**"), 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 (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money, (c) other unsubordinated claims and (d) subordinated claims expressed by their terms to rank in priority to the Subordinated Notes (collectively, "**Senior Claims**").

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

(c) ***No set-off***

Subject to paragraph (a) and (b) above, no Subordinated Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes.

4. **Interest**

Subordinated Notes shall be interest-bearing. Interest-bearing Subordinated Notes shall be Fixed Rate Notes or Floating Rate Notes, as specified in the Final Terms and/or Pricing Term Sheet.

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

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date, subject in any case as provided in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

The amount of interest payable in respect of each Subordinated Note for any Fixed Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Fixed Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Final Terms) and, if the Subordinated Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

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

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

(2) 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

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

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Fixed Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, 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 each Additional Business Center specified in the applicable Pricing Term Sheet and/or 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 center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

If interest is required to be calculated for a period other than a Fixed Interest Period or no Fixed Coupon Amount is specified in the applicable Pricing Term Sheet and/or Final Terms, such interest shall be calculated by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Certificate and 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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a) for any period of time (from and including the first day of such period to but excluding the last)(which may be a Fixed Interest Period or, if applicable, 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 (the "**Accrual Period**"):

(i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Term Sheet and/or Final Terms:

(a) in the case of Subordinated Notes where the number of days in the relevant 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 Periods normally ending in any year; or

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

(1) the actual 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 Periods normally ending in any 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 Periods normally ending in any year; and

(ii) if "30/360" is specified in the applicable Pricing Term Sheet and/or 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 in respect of which payment is being made divided by 360 calculated on a formula basis as follows:

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

Where:

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

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

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

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Accrual Period falls;

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

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Accrual Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30; and

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

(iv) if "Actual/365 (Fixed)" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual number of days in the Accrual Period divided by 365; and

(v) if "Actual/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the actual 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 divided by 360; and

(vi) if "30E/360" is specified in the applicable Pricing Term Sheet and/or Final Terms, the number of days in the Fixed 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 Fixed Interest Period unless, in the case of a Fixed Interest Period ending on the Maturity Date, 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).

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Fixed Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Fixed Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Fixed Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Fixed Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Fixed Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Fixed Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

In these Conditions:

"**Determination Date**" means the date(s) specified in the applicable Pricing Term Sheet and/or Final Terms or, if none is specified, it means the Interest Payment Date;

"**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, means one cent.

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

(i) *Interest Payment Dates*

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

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Term Sheet and/or Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Term Sheet and/or Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls on the number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date, subject in any case as provided in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

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 Pricing Term Sheet and/or 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 Interest Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such First Interest Payment Date or Specified Interest Payment

Date, as the case may be (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 number of months or other period specified as the Interest Period in the applicable Pricing Term Sheet and/or Final Terms 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.

If a Business Day Convention is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms and/or Pricing Term Sheet, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms and/or Pricing Term Sheet.

In this Condition, "**Business Day**" means, unless otherwise specified in the applicable Final Terms and/or Pricing Term Sheet, 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 each Additional Business Center specified in the applicable Pricing Term Sheet and/or 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 center of the country of the relevant Specified Currency (if other than London and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars

shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System (or any successor thereto) is open "**TARGET2 Day**". In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms on the following basis:

(A) *ISDA Determination*

Where ISDA Determination is specified in the applicable Pricing Term Sheet and/or 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 sum of the relevant ISDA Rate and the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as 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 Subordinated Notes (the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the applicable Final Terms and/or Pricing Term Sheet;

(2) the Designated Maturity is the period specified in the applicable Final Terms and/or Pricing Term Sheet; 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**") for a currency 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 Pricing Term Sheet and/or 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.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 4(b)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) *Reference Rate Determination*

The rate of Interest on Floating Rate Notes will be determined by reference to the applicable Interest Basis, which may, as described below, include:

(1) the CD Rate;

(2) the CMT Rate;

(3) the Commercial Paper Rate;

(4) the Eleventh District Cost of Funds Rate;

(5) EURIBOR;

(6) the Federal Funds Rate;

(7) LIBOR;

(8) the Prime Rate; or

(9) the Treasury Rate

as specified in the applicable Pricing Term Sheet and/or Final Terms.

The Calculation Agent shall determine each Interest Basis in accordance with the following provisions:

(1) *CD Rate*

If "CD Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**CD Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CD Rate (a "**CD Rate Interest Determination Date**"), the rate on such date for negotiable U.S. dollar certificates of deposit having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) (as defined below) opposite the caption "CDs (secondary market)" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such CD Rate Interest Determination Date for negotiable U.S. dollar certificates of deposit of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update (as defined below), or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "CDs (secondary market)". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the CD Rate on such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable U.S. dollar certificates of deposit of major United States money banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, in an amount that is representative for a single

transaction in that market at that time; **provided**, **however**, **that** if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

"**H.15(519)**" means the weekly statistical release published by the Board of Governors of the Federal Reserve System and available on their website at www.federalreserve.gov/releases/h15/update/h15upd.htm, or any successor site or publication.

"**H.15 Daily Update**" means the daily update of H.15(519), published by the Board of Governors of the Federal Reserve System and available on their website at www.federalreserve.gov/releases/h15/update/h15upd.htm, or any successor site or publication.

(2) *CMT Rate*

If "CMT Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the CMT Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**CMT Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the CMT Rate (a "**CMT Rate Interest Determination Date**"),

(i) if "Reuters Page FRBCMT" (as defined below) is specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:

(a) the percentage equal to the yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters (or any successor service) ("**Reuters**") on page FRBCMT (or any other page as may replace such page on such service) ("**Reuters Page FRBCMT**"), on the particular CMT Rate Interest Determination Date, or

(b) if the rate referred to in clause (a) does not so appear on the Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index and for the particular CMT Rate Interest Determination Date as published

in H.15(519) opposite the caption "Treasury constant maturities", or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular CMT Rate Interest Determination Date for the period of the particular Designated CMT Maturity Index as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Agents or their affiliates) (each, a "**Reference Dealer**"), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent

from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular CMT Rate Interest Determination Date, or

(i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the Treasury security with the shorter original term to maturity will be used.

(ii) if "Reuters Page FEDCMT" (as defined below) is specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms, as the case may be:

(a) the percentage equal to the one week or one month, as specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, average yield for United States Treasury securities at "constant maturity" having the Designated CMT Maturity Index, as published in H.15(519) opposite the caption "Treasury constant maturities", as the yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) ("**Reuters Page FEDCMT**"), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or

(b) if the rate referred to in clause (a) does not so appear on the Reuters Page FEDCMT, the percentage equal to the one week or one month, as applicable, average yield for United

States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as published in H.15(519) opposite the caption "Treasury constant maturities," or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the one week or one month, as applicable, average yield for United States Treasury securities at "constant maturity" having the particular Designated CMT Maturity Index as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls, or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Designated CMT Maturity Index, a remaining term to maturity no more than one year shorter than that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in such securities in that market at that time, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that CMT Rate Interest Determination Date of three Reference

Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Designated CMT Maturity Index, a remaining term to maturity closest to that Designated CMT Maturity Index and in a principal amount that is representative for a single transaction in the securities in that market at the time, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular CMT Rate Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that CMT Rate Interest Determination Date, or

(i) if two such United States Treasury securities with an original maturity greater than the Designated CMT Maturity Index have remaining terms to maturity equally close to such Designated CMT Maturity Index, the quotes for the United States Treasury security with the shorter original term to maturity will be used.

"**Designated CMT Maturity Index**" means the original period to maturity of the U.S. Treasury securities (either 1, 2, 3, 5, 7, 10, 20 or 30 years) specified in the Pricing Term Sheet and/or Final Terms, as the case may be, with respect to which the CMT Rate will be calculated.

(3) *Commercial Paper Rate*

If the "Commercial Paper Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Commercial Paper Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Commercial Paper Rate (a "**Commercial Paper Rate Interest Determination Date**"), the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified

in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "Commercial Paper—Nonfinancial" or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Money Market Yield on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper—Nonfinancial". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of U.S. dollar commercial paper in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, placed for industrial issuers whose bond rating is "Aa", or the equivalent, from a nationally recognized statistical rating organization; **provided**, **however**, **that** if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"**Money Market Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

(4) *Eleventh District Cost of Funds Rate*

If the "Eleventh District Cost of Funds Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Eleventh District Cost of Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Eleventh District Cost of Funds Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Eleventh District Cost of Funds Rate (an "**Eleventh District**

Cost of Funds Rate Interest Determination Date"), the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls as set forth opposite the caption "11TH Dist COFI" on the display on Reuters (or any successor service) on page "COFI/ARMS" (or any other page as may replace such page on such service) ("**Reuters Page COFI/ARMS**") as of 11:00 A.M., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on the Reuters Page COFI/ARMS on such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate on such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "**Index**") by the Federal Home Loan Bank ("**FHLB**") of San Francisco as such cost of funds for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date. If the FHLB of San Francisco fails to announce the Index on or prior to such Eleventh District Cost of Funds Rate Interest Determination Date for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date will be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

(5) *EURIBOR*

If "EURIBOR" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to EURIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**EURIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to EURIBOR (a "**EURIBOR Interest Determination Date**"), EURIBOR will be the rate for deposits in Euro as sponsored, calculated and published jointly by the European Banking Federation and ACI The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity as specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on Reuters on page EURIBOR01 (or any other page as may replace such page on such service) ("**Reuters Page EURIBOR01**") as of 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date; or if no

such rate so appears, EURIBOR on such EURIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a EURIBOR Interest Determination Date on which no rate appears on the Reuters Page EURIBOR01 as specified in Clause (i) above, the Calculation Agent will request the principal Euro zone office of each of four major reference banks (which may include the Agents or their affiliates) in the Euro zone interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in Euro for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the Euro zone interbank market at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of US$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time. If at least two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of such quotations.

(iii) If fewer than two such quotations are so provided, then EURIBOR on such EURIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date by four major banks (which may include the Agents or their affiliates) in the Euro zone selected by the Calculation Agent for loans in Euro to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on that Interest Reset Date and in a principal amount not less than the equivalent of US$1,000,000 in euros that is representative for a single transaction in Euro in such market at such time.

(iv) If the banks so selected by the Calculation Agent are not quoting as mentioned in the preceding sentence, EURIBOR determined as of such EURIBOR Interest Determination Date will be EURIBOR in effect on such EURIBOR Interest Determination Date.

"**Euro zone**" means the region comprised of member states of the European Union that have adopted the single currency in accordance with the Treaty on European Union signed at Maastricht on February 7, 1992.

(6) *Federal Funds Rate*

If "Federal Funds Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Federal Funds Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Federal Funds Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Federal Funds Rate (a "Federal Funds Rate Interest Determination Date"),

(i) if "Federal Funds (Effective) Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the Federal Funds Rate Interest Determination Date shall be the rate with respect to such date for U.S. dollar federal funds as published in H.15(519) opposite the heading "Federal funds (effective)" and that appears on Reuters on page FEDFUNDS1 (or any other page as may replace such page on such service) ("**Reuters Page FEDFUNDS1**") under the heading "EFFECT" or, if such rate is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate with respect to such Federal Funds Rate Interest Determination Date for U.S. dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, opposite the caption "Federal funds (effective)". If such rate does not appear on Reuters Page FEDFUNDS 1 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate with respect to such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds arranged by three leading brokers of U.S. dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on the Business Day following such Federal Funds Rate Interest Determination Date; **provided, however, that** if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

(ii) if "Federal Funds Open Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date under the heading "Federal Funds" for the relevant Index Maturity and opposite the caption "Open" as such rate is displayed on Reuters on page 5 (or any other page as may replace such page on such service) ("**Reuters Page 5**"), or, if such rate does not appear on Reuters Page 5 by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for the Federal Funds Rate Interest Determination

Date will be the rate for that day displayed on the FFPREBON Index page on Bloomberg L.P. ("**Bloomberg**"), which is the Fed Funds Opening Rate as reported by Prebon Yamane (or a successor) on Bloomberg. If such rate does not appear on Reuters Page 5 or is not displayed on the FFPREBON Index page on Bloomberg or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight U.S. Dollar federal funds arranged by three leading brokers of U.S. Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; **provided, however, that** if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date;

(iii) if "Federal Funds Target Rate" is the specified Federal Funds Rate in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, the Federal Funds Rate as of the applicable Federal Funds Rate Interest Determination Date shall be the rate on such date as displayed on the FDTR Index page on Bloomberg. If such rate does not appear on the FDTR Index page on Bloomberg by 3:00 P.M., New York City time, on the Calculation Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be the rate for that day appearing on Reuters on page USFFTARGET= (or any other page as may replace such page on such service) ("**Reuters Page USFFTARGET=**"). If such rate does not appear on the FDTR Index page on Bloomberg or is not displayed on Reuters Page USFFTARGET= by 3:00 P.M., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight U.S. Dollar federal funds arranged by three leading brokers of U.S. Dollar federal funds transactions in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent prior to 9:00 A.M., New York City time, on such Federal Funds Rate Interest Determination Date; **provided, however, that** if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

(7) *LIBOR*

If "LIBOR" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to LIBOR and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**LIBOR**" means the rate determined in accordance with the following provisions:

(i) With respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to LIBOR (a "**LIBOR Interest Determination Date**"), LIBOR will be the rate for deposits in the Designated LIBOR Currency for the Interest Period(s) or Interest Reset Period(s) of the Index Maturity specified in such Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, that appears on the Designated LIBOR Page (as defined below) as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, or if no such rate so appears, LIBOR on such LIBOR Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which no rate appears on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London offices of each of four major reference banks (which may include the Agents or their affiliates) in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such LIBOR Interest Determination Date by three major banks (which may include the Agents or their affiliates) in such Principal Financial Center selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final

Terms, as the case may be, commencing on the related Interest Reset Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; **provided, however, that** if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

"**Designated LIBOR Currency**" means the currency specified as Index Currency in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as to which LIBOR shall be calculated or, if no such currency is specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, U.S. dollars.

"**Designated LIBOR Page**" means the display on Reuters (or any successor service) on page LIBOR01 or LIBOR02, specified as Relevant Screen Page in the applicable Pricing Term Sheet and/or Final Terms (or any other page as may replace such page on such service or successor service), for the purpose of displaying the London interbank rates (which may include affiliates of the Distribution Agents) for the Designated LIBOR Currency.

"**London Banking Day**" is any day (other than a Saturday or Sunday) in which dealings in deposits in United States dollars are transacted or, with respect to any future date, are expected to be transacted in the London interbank market.

"**Principal Financial Center**" means (i) the capital city of the country issuing the Specified Currency, or (ii) the capital city of the country to which the Designated LIBOR Currency, if applicable, relates, except, in each case, that with respect to U.S. Dollars, Australian Dollars, Canadian Dollars, Euro, New Zealand Dollars, South African Rand and Swiss Francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, The City of London (solely in the case of the Designated LIBOR Currency), Wellington, Johannesburg and Zurich, respectively.

(8) *Prime Rate*

If "Prime Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Prime Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Prime Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined with reference to the Prime Rate (a "**Prime Rate Interest Determination Date**"), the rate on such date as such rate is published in H.15(519) opposite the caption "Bank prime loan" or, if not published prior to 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used

for the purpose of displaying such rate, opposite the caption "Bank Prime Loan". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean, as determined by the Calculation Agent, of the rates of interest publicly announced by each bank that appears on Reuters on page USPRIME1 (or any other page as may replace such page on such service for the purpose of displaying prime rates or base lending rates of major United States banks ("**Reuters Page USPRIME1**")) as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates so appear on Reuters Page USPRIME1 for such Prime Rate Interest Determination Date by 3:00 P.M., New York City time on the related Calculation Date, then the Prime Rate shall be the arithmetic mean calculated by the Calculation Agent of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360 day year as of the close of business on such Prime Rate Interest Determination Date by three major banks (which may include the Agents or their affiliates) in New York City selected by the Calculation Agent; **provided**, **however**, **that** if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date or, if no Prime Rate was in effect on such Prime Rate Interest Determination Date, the rate on such Floating Rate Note for the following Interest Reset Period shall be the Initial Interest Rate.

(9) *Treasury Rate*

If "Treasury Rate" is specified in the applicable Pricing Term Sheet and/or Final Terms, this Subordinated Note will bear interest at the rates (calculated with reference to the Treasury Rate and the Spread and/or Spread Multiplier, if any) specified in the applicable Pricing Term Sheet and/or Final Terms.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, "**Treasury Rate**" means, with respect to any Interest Determination Date relating to a Floating Rate Note for which the interest rate is determined by reference to the Treasury Rate (a "**Treasury Rate Interest Determination Date**"), the rate from the auction held on such Treasury Rate Interest Determination Date (the "**Auction**") of direct obligations of the United States ("**Treasury Bills**") having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, under the caption "INVEST RATE" on the display on Reuters or any successor service on page USAUCTION 10 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION 10**") or page USAUCTION 11 (or any other page as may replace such page on such service) ("**Reuters Page USAUCTION 11**") or, if not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the auction rate of such Treasury Bills as announced by the U.S. Department of the Treasury. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case

may be, is not so announced by the U.S. Department of the Treasury, or if no such Auction is held, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, as published in H.15(519) opposite the caption "U.S. government securities/Treasury bills/secondary market" or, if not yet published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. government securities/Treasury bills/secondary market". If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on the related Calculation Date, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary U.S. government securities dealers (which may include the Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be; **provided**, **however**, **that** if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"**Bond Equivalent Yield**" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

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

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

Unless otherwise stated in the applicable Final Terms and/or Pricing Term Sheet, the Minimum Rate of Interest shall be deemed to be zero.

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

The Agent, in the case of Floating Rate 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.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to in the case of Floating Rate Notes, the aggregate outstanding nominal amount of the Subordinated Notes represented by such Global Certificate 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.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b) for any period of time (from and including the first day of such period to but excluding the last)(which may be an Interest Period or, if applicable, 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 (the "**Accrual Period**"):

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

(b) if "Actual/365 (Fixed)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual number of days in the Accrual Period in respect of which payment is being made divided by 365;

(c) if "Actual/360" is specified in the applicable Final Terms and/or Pricing Term Sheet, the actual 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 in respect of which payment is being made divided by 360;

(d) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms and/or Pricing Term Sheet, 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 in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(e) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

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

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

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

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

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(f) if "30E/360 (ISDA)" is specified in the applicable Final Terms and/or Pricing Term Sheet, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

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

(v) *Notification of Rate of Interest and Interest Amount*

The Fiscal Agent or, if applicable, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Subordinated Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph (v), the expression "**Amsterdam Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Amsterdam.

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Paying Agents and all Subordinated Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Subordinated Noteholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) ***Interest on Foreign Currency Subordinated Notes***

In the case of Foreign Currency Subordinated Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Term Sheet and/or Final Terms.

(d) ***Accrual of Interest***

Each Subordinated Note (or in the case of the redemption of part only of a Subordinated Note, that part only of such Subordinated 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 Subordinated 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

Subordinated Noteholders in accordance with Condition 12 (*Notices*) or individually.

5. **Payments**

(a) ***Principal, Interest and Record Date***

Payment of the principal of and any premium or interest on Subordinated Notes, other than Foreign Currency Subordinated Notes with respect to which a Specified Currency payment election has been made, will be made to the registered holders thereof at the office of the U.S. Paying Agent or, if applicable, the European Paying Agent, or such other office or agency of the Issuer maintained by it for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; **provided**, **however**, **that** payment of the principal of and any premium and interest on such Subordinated Notes due at Maturity will be made to the registered holders thereof in immediately available funds at such office or such other offices or agencies if such Subordinated Notes are presented to the applicable Paying Agent or any other paying agent in time for the applicable Paying Agent or such other paying agent to make such payments in accordance with its normal procedures; and, **provided**, **further**, **that** at the option of the Issuer, payment of interest, other than interest payable at Maturity, may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Register unless that address is in the Issuer's country of incorporation or, if different, country of tax residence; and, **provided**, **further**, **that** notwithstanding the foregoing a registered holder of US$5,000,000 or more in aggregate principal amount of such Subordinated Notes having the same Interest Payment Date will be entitled to receive payments of interest, other than interest due at Maturity, by wire transfer of immediately available funds to an account at a bank located in The City of New York (or other location consented to by such Issuer) if appropriate wire transfer instructions have been received by the applicable Paying Agent or any other paying agent in writing not less than 15 calendar days prior to the applicable Interest Payment Date.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, payments of principal of and any premium and interest on Foreign Currency Subordinated Notes will be made in U.S. dollars unless the holder thereof elects to receive such payments in the Specified Currency as described below.

Any U.S. dollar amount to be received by a holder of a Foreign Currency Subordinated Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day with respect to such Subordinated Note preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all holders of Foreign Currency Subordinated Notes scheduled to receive U.S. dollar payments and at which the applicable dealer commits to execute a contract. If such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the holder of the Foreign Currency Subordinated Notes by deductions from such payments.

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, a holder of a Foreign Currency Subordinated Notes may elect to receive payment of the principal of and any premium and interest on such Subordinated Note in the Specified Currency by transmitting a written request for such payment to the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be. Such request, which must include the wire transfer instructions referred to below, may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. A holder of a Foreign Currency Subordinated Note may elect to receive payment in the Specified Currency for all principal and any premium and interest payments and need not file a separate election

for each payment. All costs associated with such currency exchange will be paid by the holder. Such election will remain in effect until revoked by written notice to the applicable Paying Agent, but written notice of any such revocation must be received by the applicable Paying Agent on or prior to the relevant Record Date or at least sixteen days prior to Maturity, as the case may be.

The payment of principal of and any premium or interest on Foreign Currency Subordinated Notes paid in the Specified Currency other than at Maturity will be made by check drawn upon a bank office located outside the United States, and any such payments due at Maturity will be made by wire transfer of immediately available funds to an account maintained by the Holder with a bank office located in the country which issued the Specified Currency upon presentation of such Subordinated Notes to the applicable Paying Agent or any other paying agent in time for such wire transfer to be made by the applicable Paying Agent or such other paying agent in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or any premium or interest with respect to a Foreign Currency Subordinated Note due to the imposition of exchange controls or other circumstances beyond the control of the Issuer, the Issuer will be entitled to satisfy its obligations to holders of Foreign Currency Subordinated Notes by making such payment in U.S. dollars on the basis of the market exchange rate on the second Market Day prior to the date of such payment, or if such market exchange rate is not then available, on the basis of the most recently available market exchange rate.

Each payment in respect of a Registered Note in definitive form will be made to the person shown as the Registered Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (in respect of such Subordinated Notes, the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Registered Holder in the Register at the opening of business on the relevant Record Date. Each payment in respect of a Registered Note in global form will be made to the person shown as the Registered Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (in respect of such Subordinated Notes, the "**Record Date**"), where "**Clearing System Business Day**" means a day on which each clearing system for which the Relevant Global Certificate is being held is open for business.

(b) ***Payment Day***

If the date for payment of any amount in respect of any Subordinated Note 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 (unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms), "**Payment Day**" means any day which (subject to this Condition 5) is:

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

(A) the relevant place of presentation;

(B) any Additional Business Center specified in the applicable Final Terms and/or Pricing Term Sheet; 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 center of the country of the relevant Specified Currency (if other than the place of

presentation and any Financial Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open.

(c) ***Interpretation of Principal and Interest***

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

(i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);

(ii) the Final Redemption Amount of the Subordinated Notes;

(iii) the Early Redemption Amount of the Subordinated Notes;

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

(v) any premium and any other amounts (other than accrued interest) which may be payable by the Issuer under or in respect of the Subordinated Notes;

and shall be deemed to exclude any amount written down or converted (if any) pursuant to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*).

Any reference in these Terms and Conditions to interest in respect of the Subordinated Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

6. **Redemption and Purchase**

(a) ***Redemption at Maturity***

Unless previously redeemed, written down, converted or purchased and cancelled as specified below or Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*), each Subordinated Note will be redeemed by the Issuer at its Final Redemption Amount (together with any accrued interest) specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms in the relevant Specified Currency on the Maturity Date or the Interest Payment Date falling in the Redemption Month (as defined and specified in the applicable Final Terms).

(b) ***Redemption for Tax Reasons***

Unless otherwise specified in the applicable Pricing Term Sheet and/or Final Terms, Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Subordinated Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Subordinated Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Subordinated Notes.

Further, if the Subordinated Notes qualify as Tier 2 Notes, the Issuer must (i) obtain the prior written permission of the Competent Authority **provided that**, at the relevant time, such permission is required to be given pursuant to article 77 CRD IV Regulation and

(ii) have demonstrated to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer. The Competent Authority may only permit the Issuer to redeem the Subordinated Notes at any time within five years after the Issue Date if, without prejudice to this Condition 6(b), there is a change in the applicable tax treatment of the Subordinated Notes which the Issuer demonstrates to the satisfaction of the Competent Authority is material and was not reasonably foreseeable at the time of their issuance.

Each Subordinated Note redeemed pursuant to this Condition 6(b) will be redeemed at its Early Redemption Amount referred to in Condition 6(e) (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In these Conditions, "**Competent Authority**" means the European Central Bank, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, as determined by the Issuer.

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

If Issuer Call is specified in the applicable Pricing Term Sheet and/or Final Terms, the Issuer may at its option, and, subject as provided in Condition 6(e) (*Early Redemption Amounts*) below and having given:

(i) not less than 30 nor more than 60 days' notice, or such other period of notice as is specified in the applicable Pricing Term Sheet and/or Final Terms, to the Subordinated Noteholders in accordance with Condition 12 (*Notices*); and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Fiscal Agent, both of which notices shall be irrevocable),

redeem all but not some only of the Subordinated 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 and/or Pricing Term Sheet together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

All notices of redemption shall identify the Subordinated Notes to be redeemed (including CUSIP, Common Code and ISIN numbers), the date fixed for redemption, the redemption price, the manner in which redemption will be effected.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as indicated (if at all) in the applicable Pricing Term Sheet and/or Final Terms. In the case Redeemed Notes represented by definitive Subordinated Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Certificate will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect shall be given by the Issuer to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) at least 5 days prior to the Selection Date.

Further, if the Subordinated Notes qualify as Tier 2 Notes, the Issuer must (i) obtain the prior written permission of the Competent Authority **provided that**, at the relevant time, such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) have demonstrated to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include the replacement of the

Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer.

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

If Regulatory Call is specified in the applicable Final Terms and/or Pricing Supplement and upon the occurrence of a Capital Event, the Issuer may at its option, subject to (i) the prior written permission of the Competent Authority **provided that** at the relevant time such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) the Issuer demonstrating to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and having given not less than 30 nor more than 60 days' notice or such other period of notice as is specified in the applicable Pricing Term Sheet and/or Final Terms (which notice shall be irrevocable) to the Subordinated Noteholders redeem at any time (in the case of Subordinated Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), in accordance with the Conditions, all, but not some only, of the Subordinated Notes at the Optional Redemption Amount specified in the applicable Final Terms and/or Pricing Term Sheet together with accrued interest (if any) to but excluding the date of redemption.

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

If Variation or Substitution is specified in the applicable Final Terms and/or Pricing Term Sheet and if a CRD IV Capital Event or a Capital Event has occurred and is continuing, then the Issuer may, subject to the prior written permission of the Competent Authority **provided that** at the relevant time such permission is required to be given (but without any requirement for the permission of the Subordinated Noteholders) and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Subordinated Noteholders, either substitute all, but not some only, of the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. Upon the expiry of the notice referred to above, the Issuer shall either vary the terms of, or substitute, the Subordinated Notes in accordance with this Condition 6(d), as the case may be, **provided that** such substitution or variation shall not result in terms that are materially less favorable to the Subordinated Noteholders. For the avoidance of doubt, the Competent Authority has discretion as to whether or not it will approve any such substitution or variation of the Subordinated Notes.

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

In these Conditions:

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

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

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

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

"**Future Capital Instruments Regulations**" means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards or implementing technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the European Central Bank, the Dutch Central Bank (*De Nederlandsche Bank N.V.*), the European Banking Authority or other relevant authority, which are applicable to the Issuer (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

(e) ***Early Redemption Amounts***

Subject to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*) below, for the purpose of Condition 6(b) (*Redemption for Tax Reasons*) above and Condition 9 (*Events of Default*), each Subordinated Note will be redeemed at its Early Redemption Amount calculated as follows:

(i) in the case of a Subordinated Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; and

(ii) in any other case, at the amount specified in, or determined in the manner specified in, the applicable Pricing Term Sheet and/or Final Terms or, if no such amount or manner is so specified in the Pricing Term Sheet and/or Final Terms, at their nominal amount.

(f) ***Purchases***

The Issuer or any of its subsidiaries may at any time purchase Subordinated Notes at any price in the open market or otherwise. Such Subordinated Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. If the Subordinated Notes to be purchased are Notes that qualify as Tier 2 Notes, the Issuer must (i) obtain the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) have demonstrated to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation (or any equivalent or substitute provision under applicable banking regulation), which may include the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and furthermore provided that

any such purchase may not take place within 5 years after the Issue Date unless permitted under applicable laws and regulations (including CRD IV as then in effect).

(g) ***Cancellation***

All Subordinated Notes which are redeemed will forthwith be cancelled. All Subordinated Notes so cancelled and the Subordinated Notes purchased and cancelled pursuant to Condition 6(f) (*Purchases*) above shall be forwarded to the Agent and cannot be re-issued or resold.

(h) ***Statutory Loss Absorption of Subordinated Notes***

Subordinated Notes may become subject to the determination by the Resolution Authority or the Issuer (following instructions from the Resolution Authority) that without the consent of the Subordinated Noteholder all or part of the nominal amount of the Subordinated Notes, including accrued but unpaid interest in respect thereof, must be written down, reduced, redeemed and cancelled or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Subordinated Notes subject to Statutory Loss Absorption shall be written down, reduced, redeemed and cancelled or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by the Applicable Resolution Framework, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the Subordinated Noteholders will have no further claims in respect of the amount so written down or subject to conversion or otherwise as a result of such Statutory Loss Absorption.

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

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

In these Conditions:

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

Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010; and

"**Resolution Authority**" means the European Single Resolution Board, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Subordinated Notes pursuant to the Applicable Resolution Framework.

7. **Taxation**

All payments of principal and interest in respect of the Subordinated Notes by the Issuer will be made free and clear and 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 at the initiative of the relevant tax authority of the Issuer. In such event, the Issuer will, depending on which provision is specified in the applicable Pricing Term Sheet and/or 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 Subordinated Notes and shall not pay any additional amounts to the holders of the Subordinated Notes; or

(b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Subordinated Notes after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Subordinated Notes 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 Subordinated Note:

(i) in respect of payment of any amount of principal; or

(ii) presented for payment by or on behalf of a Subordinated Noteholder who is liable for such taxes or duties in respect of such Subordinated Note by reason of his having some connection with The Netherlands other than the mere holding of such Subordinated Note, or the receipt of principal or interest in respect thereof; or

(iii) presented for payment by or on behalf of a Subordinated Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(iv) 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 5(b) (*Payment Day*)).

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

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having

been so received, notice to that effect is duly given to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

8. **Prescription**

The Subordinated Notes will become void unless claims in respect of principal and/or interest are made within a period of five years after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

9. **Events of Default**

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

(i) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under article 3:163(1)(b) of the Wft; or

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

then any Subordinated 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 Subordinated 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 (as described in Condition 6(e) (*Early Redemption Amounts*)), 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 9 that qualify as Tier 2 Notes will only be effected after the Issuer has obtained the prior written permission of the Competent Authority **provided that** at the relevant time such permission is required to be given.

10. **Replacement of Subordinated Notes**

Should any Subordinated Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal 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 Subordinated Notes must be surrendered before replacements will be issued.

11. **Agent and Paying Agents**

The names of the initial Fiscal 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 Subordinated Notes are listed on any stock exchange, there will at all times be a Paying Agent and a Registrar 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; and

(iii) there will at all times be a Fiscal Agent and a Registrar.

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 5(a) (*Principal, Interest and Record Date*). 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 Subordinated Noteholders in accordance with Condition 12 (*Notices*).

12. **Notices**

Notices shall be given in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the stock exchange or applicable clearing system specified in the applicable Final Terms and/or Pricing Term Sheet and need not be given by mail unless required by the rules of the stock exchange or applicable clearing system.

Notices given by any Registered Holder shall be in writing and given by lodging the same with the Registrar at its specified office.

13. **Amendment and Waiver**

Subject at all times to Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*), the Agent and the Issuer may agree, without the consent of the Subordinated Noteholders, to:

(a) any modification of the Subordinated Notes Agency Agreement which is in the Issuer's opinion not materially prejudicial to the interests of the Subordinated Noteholders; or

(b) any modification of the Subordinated Notes or the Subordinated Notes 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 and/or overriding provisions of the law of the jurisdiction in which the Issuer is incorporated; or

(c) in accordance with Condition 6(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*), substitution of the Subordinated Notes or variation of the terms of the Subordinated Notes in order to ensure that such substituted or varied Subordinated Notes continue to qualify as Tier 2 Notes under CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

Any other amendment of this Subordinated Notes or the Subordinated Notes Agency Agreement may be made only with the consent of the Subordinated Noteholders. The Issuer and the Fiscal Agent, if applicable, may amend the Subordinated Notes or the Subordinated Notes Agency Agreement with the written consent of the Holders of at least a majority in principal amount of the Subordinated Notes then outstanding voting as a single class (including consent obtained in connection with a tender offer or exchange of the Subordinated Notes); **provided however that** without the consent of 100% of the then outstanding aggregate principal amount of the Subordinated Notes, no amendment may:

(a) reduce the amount of Subordinated Notes whose holders must consent to an amendment;

(b) reduce the rate of or extend the time for payment of interest on any Subordinated Note;

(c) reduce the principal or extend the Stated Maturity or Redemption Month of any Subordinated Note;

(d) reduce the premium or amount payable upon the redemption of any Subordinated Note or change the time at which any Subordinated Note may be redeemed in accordance with its terms;

(e) make any Subordinated Note payable in currency other than that stated in such Subordinated Note;

(f) expressly subordinate any Subordinated Note to any other indebtedness of the Issuer save as permitted in accordance with its terms;

(g) impair the right of any Subordinated Noteholder to receive payment of principal, premium, if any, and interest on such Holder's Subordinated Notes on or after the due

dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Subordinated Notes; or

(h) make any amendment to the Events of Default as described in the Conditions.

Any such modification shall be binding on the Subordinated Noteholders and any such modification shall be notified to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

Any amendment to Condition 6(h) (*Statutory loss absorption of Subordinated Notes*) or which otherwise impacts upon the eligibility of the Subordinated Notes for eligibility as Tier 2 Notes is subject to the prior written permission of the Competent Authority and/or the relevant Resolution Authority (**provided that**, at the relevant time, such permission is required to be given).

14. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Subordinated Noteholders to create and issue further Subordinated Notes having terms and conditions the same as the Subordinated 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 Subordinated Notes.

15. **Substitution of the Issuer**

(a) If this Condition 15 is specified in the applicable Final Terms and/or Pricing Term Sheet to be applicable, the Issuer may, with the consent of the Subordinated Noteholders which will be deemed to have been given in respect of each Tranche of Subordinated Notes on which no payment of principal of or interest on any of the Subordinated Notes is in default and after written approval of the Competent Authority, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (such substituting entity, the "**Substituted Debtor**") as principal debtor in respect of the Subordinated Notes **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 favor of each Subordinated Noteholder to be bound by the Terms and Conditions of the Subordinated Notes and the provisions of the Subordinated Notes Agency Agreement as fully as if the Substituted Debtor had been named in the Subordinated Notes, and the Subordinated Notes Agency Agreement as the principal debtor in respect of the Subordinated Notes in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favor of each Subordinated Noteholder the payment of all sums (including any additional amounts payable pursuant to Condition 7 (*Taxation*)) payable in respect of the Subordinated Notes;

(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 Subordinated Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 (*Taxation*) 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 jointly and severally indemnify and hold harmless each Subordinated Noteholder 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 15 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 Subordinated Noteholder by any political sub-division or taxing authority of any country in which such Subordinated Noteholder 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 Substituted Debtor and the Issuer shall have 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 the Documents shall contain a representation by the Substituted Debtor and the Issuer that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Subordinated Noteholder;

(iv) each stock exchange which has Subordinated Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such Subordinated Notes would continue to be listed on such stock exchange;

(v) the Substituted Debtor shall have delivered to the Fiscal 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 three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders at the specified office of the Fiscal Agent;

(vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders at the specified office of the Fiscal Agent; and

(vii) the Substituted Debtor shall have appointed an agent for the service of process in accordance with Condition 16(b) (*Jurisdiction*).

(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 Subordinated Noteholders 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 Subordinated Noteholder, except as provided in Condition 15(a)(ii) above, shall be entitled to claim from the Issuer or any Substituted Debtor under the Subordinated Notes 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 15 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 and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect

of the Subordinated Notes of such Series under Condition 3 (*Status and Terms relating to Subordinated Notes*).

(d) With respect to Subordinated Notes, the Issuer shall be entitled, after written approval of the Competent Authority, and by notice to the Subordinated Noteholders given in accordance with Condition 12 (*Notices*), at any time either to effect a substitution which does not comply with Condition 15(c) above **provided that** the terms of such substitution have been approved by 75% of the Subordinated 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 Condition 15(a) above, and subject to the notice as referred to in Condition 15(g) below having been given, the Substituted Debtor shall be deemed to be named in the Subordinated Notes as the principal debtor in place of the Issuer and the Subordinated Notes 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 Subordinated Notes save that any claims under the Subordinated Notes prior to release shall enure for the benefit of Subordinated Noteholders.

(f) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Subordinated Notes remain outstanding and for so long as any claim made against the Substituted Debtor by any Subordinated Noteholder in relation to the Subordinated Notes 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 Subordinated Noteholder to the production of the Documents for the enforcement of any of the Subordinated Notes or the Documents.

(g) Prior to, to the extent reasonably practicable but in any event no later than, 15 Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

16. Governing Law and Jurisdiction

(a) ***Governing Law***

The Subordinated Notes and the Subordinated Notes Agency Agreement are governed by, and shall be construed and interpreted in accordance with, the laws of The Netherlands, including the choice of court agreement set out below in condition 16(b) (*Submission to jurisdiction*).

(b) ***Jurisdiction***

In relation to any legal action or proceedings arising out of or in connection with the Subordinated Notes or the Subordinated Notes Agency Agreement, the courts in Amsterdam, The Netherlands and any state or federal court in the Borough of Manhattan, The City New York, New York shall have exclusive jurisdiction.

As a result, the Issuer hereby irrevocably consents and submits to the jurisdiction of any state or federal court in the Borough of Manhattan, The City New York, New York in person, generally and unconditionally with respect to any action, suit or proceeding for itself and in respect of its properties, assets and revenues. The Issuer hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Subordinated Notes.

The Issuer hereby irrevocably designates, appoints and empowers the New York Representative Office of ABN AMRO Bank N.V. at 565 Fifth Avenue, 25th Floor, New York, NY 10017, United States of America, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and its properties, assets and revenues, service of any and all legal process, summons, notices and documents that may

be served in any action, suit or proceeding brought against it in any such state or federal court in the Borough of Manhattan, The City New York, New York, with respect to its obligations, liabilities or any other matter arising out of or in connection with the Subordinated Notes or any related additional agreement and that may be made on such designee, appointee and agent in accordance with legal procedures prescribed for such courts. If for any reason such designee, appointee and agent hereunder shall cease to be available to act as such, the Issuer agrees to designate a new designee, appointee and agent in the County of New York on the terms and for the purposes of this Condition 15(b) satisfactory to the Fiscal Agent. The Issuer further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any such action, suit or proceeding against it by serving a copy thereof upon the relevant agent for service of process referred to in this Condition 15(b) (whether or not the appointment of such agent shall for any reason prove to be ineffective or such agent shall accept or acknowledge such service) or by mailing copies thereof by registered or certified air mail, postage prepaid, to it at its registered address. The Issuer agrees that the failure of any such designee, appointee and agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall in any way be deemed to limit the ability of the Subordinated Noteholders to service any such legal process, summons, notices and documents in any other manner permitted by applicable law. The Issuer hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with the Subordinated Notes or any related additional agreement brought in the courts in Amsterdam, The Netherlands or any state or federal court in the Borough of Manhattan, The City New York, New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES

General

Unless otherwise indicated in the applicable Pricing Term Sheet or Final Terms in relation to any Tranche of Notes, the Notes will be denominated in U.S. dollars and payments of principal of and any premium and interest on the Notes will be made in U.S. dollars in the manner indicated in this Base Prospectus and the applicable Pricing Term Sheet and/or Final Terms. If any of the Notes are to be denominated in a currency other than U.S. dollars (a "**Specified Currency**"), the following special provisions shall apply which supplement, and to the extent inconsistent therewith replace the applicable master Terms and Conditions as set out in full in this Base Prospectus in the section headed "*Terms and Conditions of the Senior Notes*" and "*Terms and Conditions of the Subordinated Notes*".

Payment currency

Unless otherwise indicated in the applicable Pricing Term Sheet or Final Terms in relation to any Tranche of Notes, a purchaser will be required to pay for Foreign Currency Notes in the Specified Currency. Currently, there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies. Therefore, unless otherwise indicated in the applicable pricing supplement, the exchange rate agent the relevant Issuer appoints and identifies in the applicable pricing supplement will arrange for the conversion of U.S. dollars into the Specified Currency on behalf of any purchaser of a Foreign Currency Notes to enable a prospective purchaser to deliver the Specified Currency in payment for a Foreign Currency Note. The exchange rate agent must receive a request for any conversion on or prior to the third business day preceding the date of delivery of the Foreign Currency Note. The purchaser must pay all costs of currency exchange.

Unless otherwise indicated in the applicable Pricing Term Sheet or Final Terms in relation to any Tranche of Notes, payments made by the Issuer of principal of, premium, if any, and interest, if any, on a Foreign Currency Note, will be made in accordance with Condition 5 (*Payments*).

TAXATION

Netherlands taxation

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of this summary it is assumed that an individual or non-resident entity holding a Note does not have or will not have a substantial interest (aanmerkelijk belang) or - in the case of a holder of a Note being an entity - a deemed substantial interest in the Issuer and that no connected person (verbonden persoon) to the holder of a Note has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has or is deemed to have, or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company

Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company. Generally an entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of The Netherlands.

Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note.

1. **Withholding Tax**

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, provided the Notes have a maturity of 50 years or less.

2. Taxes On Income And Capital Gains

Residents

Resident entities

An entity holding a Note which is or is deemed to be resident in The Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from a Note at rates up to 25 per cent.

Resident individuals

An individual holding a Note who is or is deemed to be resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return ranges from 2.87 per cent. to 5.39 per cent. of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). These applicable rates will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at a rate of 30%.

Non-residents

A holder of a Note which is not and is not deemed to be resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of the holding of securities); or

(ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

3. **Gift And Inheritance Taxes**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

(i) the holder of a Note is or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

4. **Value Added Tax**

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the acquisition of the Notes, payment of interest or principal under the Notes, or payments in consideration for a disposal of the Notes.

5. **Other Taxes And Duties**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

6. **Residence**

A holder of a Note will not be, or deemed to be, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

FATCA

Under FATCA the Issuer and other FFIs through which payments on Notes (including original issue discount ("**OID**"), if any, principal and redemption proceeds) are made may be required to withhold U.S. tax in certain circumstances. Payments on or with respect to the Notes will not become subject to FATCA withholding sooner than 1 January 2019. Furthermore, Notes that are issued on or before the date that is six months after regulations defining the term "**foreign pass thru payment**" are filed (the "**grandfathering period**") will not be subject to FATCA withholding in 2019 and later unless the Notes are considered to be equity for U.S. federal income tax purposes or the Notes are "materially modified" for U.S. federal income tax purposes after the end of the grandfathering period. No withholding would be required on payments made directly to an investor that is not an FFI to the extent an investor provides information to the Issuer (or other FFI through which payments on the Notes are made) sufficient for the Issuer (and any other FFI through which payments on the Notes are made) to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" under FATCA.

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

U.S. federal income taxation

The following discussion is a summary based upon present law of certain material U.S. federal income tax considerations for prospective purchasers of Notes. This discussion addresses only

U.S. Holders (as defined below) purchasing Notes in an original offering that hold such Notes as capital assets and use the U.S. dollar as their functional currency. This discussion is a general summary. It is not a substitute for tax advice. This discussion does not address the tax treatment of prospective purchasers subject to special rules, such as financial institutions, insurance companies, tax-exempt entities, dealers in securities or foreign currencies, traders in securities that elect to mark to market, prospective purchasers liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, regulated investment companies, real estate investment trusts, or persons holding the Notes as part of a hedge, straddle, conversion, or other integrated financial transaction. This section does not address Notes that are due to mature more than 30 years from the date on which they are issued or Subordinated Notes. This summary does not address U.S. federal estate and gift, U.S. state and local or foreign tax law.

THE STATEMENTS ABOUT U.S. FEDERAL INCOME TAX ISSUES ARE MADE TO SUPPORT THE PROMOTION AND MARKETING OF THE NOTES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN NOTES UNDER THE LAWS OF THE NETHERLANDS, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, a "**U.S. Holder**" is a beneficial owner of a Note that is (i) a citizen or individual resident of the United States for U.S. federal income tax purposes, (ii) a corporation, partnership or other business entity organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Partnerships and partners in such partnerships are urged to consult their own tax advisers regarding the specific tax consequences of purchasing, owning and disposing of such Notes.

Characterization of the notes

The Issuer expects that the Notes generally should be characterized as debt for U.S. federal income tax purposes. The tax characterization of Notes in any particular Series will depend, however, on the Final Terms of the Series and it is possible that certain Notes, particularly including Notes that are due to mature more than 30 years from the date on which they are issued or Subordinated Notes, may not be characterized as debt for U.S. federal income tax purposes. While the discussion here generally assumes that the Notes are debt for U.S. federal income tax purposes, U.S. Holders should consult their own tax advisors about the proper tax characterization of the Notes.

The consequences to a U.S. Holder of purchasing Notes in the original offering and holding Notes that are treated as debt for U.S. federal income tax purposes generally would be as described below.

The Issuer currently expects, and to the extent it is required to do so currently intends to take the position, that the Subordinated Notes generally should be characterized as debt for U.S. federal income tax purposes. The ultimate U.S. federal income tax characterization of Subordinated Notes in any Series, however, will depend upon the Final Terms of the Series and the IRS could assert a different characterization of the Subordinated Notes. U.S. Holders should consult their own tax advisors about the proper tax characterization of the Subordinated Notes.

Interest

Except as discussed below under "*Original Issue Discount*" and "*Contingent Debt Obligations*", interest on the Notes will be includible in the income of a U.S. Holder as ordinary income from sources outside the United States according to such U.S. Holder's regular method of accounting

for tax purposes, **provided that** such interest is qualified stated interest (as defined below). Interest on Floating Rate Notes will generally accrue at a hypothetical fixed rate equal to the rate at which the Notes bore interest on their issue date. The amount of interest actually recognized for any accrual period will increase (or decrease) if the interest actually paid during the period is more (or less) than the amount accrued at the hypothetical rate. U.S. Holders of Floating Rate Notes, therefore, generally will recognize income for each period equal to the amount paid during that period.

Original issue discount

A Series of Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. A Note will be issued with OID to the extent that the Note's "**stated redemption price at maturity**" exceeds its "**issue price**". A Note generally will not have OID if such excess is less than 1/4 of 1% of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity ("**de minimis OID**").

The issue price of a Note is the initial offering price at which a substantial amount of the Notes are sold (excluding sales to underwriters, brokers or similar persons acting in their capacity as such). The stated redemption price at maturity of a Note is the total of all payments on the Note other than payments of "**qualified stated interest**". Qualified stated interest means, in general, stated interest that is payable unconditionally in cash or in property at least annually at a single fixed rate (or at certain floating rates) that appropriately takes into account the length of the interval between stated interest payments.

A U.S. Holder of a Note issued with OID and having a maturity in excess of one year must include OID in income over the term of the Note. An initial U.S. Holder generally must include in gross income the sum of the daily portions of OID that accrue on the Note for each day during the taxable year in which such U.S. Holder held the Note. To determine the daily portion of OID, OID accruing during an accrual period (generally the period not exceeding one year between dates on which interest is paid) is divided by the number of days in the accrual period.

The amount of OID accruing during an accrual period is determined by using a constant yield to maturity method. For any accrual period, the OID allocable to the accrual period is the excess of (i) the product of the Note's adjusted issue price at the beginning of the accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted for the length of the accrual period) over (ii) the sum of any qualified stated interest payments allocable to the accrual period. A Note's adjusted issue price generally equals the issue price of the Note increased by the aggregate amount of OID accrued on a Note in all prior accrual periods (determined without regard to the amortization of any acquisition premium, as discussed below, or bond premium, as discussed below) and reduced by the amount of all payments previously received (other than payments of qualified stated interest).

As described below in "*Optional Redemption*", certain of the Notes may be subject to special redemption features, which may affect the yield to maturity and accrual periods with respect to a Note.

Notes bearing interest at a variable rate, including Floating Rate Notes, are subject to special OID rules. In the case of a Floating Rate Note, both the yield to maturity and qualified stated interest will be determined as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable on the date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. In certain cases, Floating Rate Notes that bear stated interest and are issued at par may have OID, with the result that the inclusion of interest in income may vary from the actual cash payments of interest made on such Notes.

OID on a Note that is denominated in a single currency other than U.S. dollars will be determined for any accrual period in the applicable currency and then translated into U.S. dollars in the same manner as other interest income accrued by an accrual method U.S. Holder, as described below under "*Foreign Currency Notes*". A U.S. Holder will recognize exchange gain or loss when OID is paid to the extent of the difference between the U.S. dollar value of the accrued OID and the U.S. dollar value of the currency received at the spot rate on the date of

receipt. For this purpose, all payments (other than qualified stated interest) on a Note will first be treated as payments of previously accrued OID, with payments considered made for the earliest accrual periods first.

A U.S. Holder may elect to treat all interest on a Note as OID applying the constant yield method described above to accrue such interest, with the modifications described below. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, acquisition discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. In applying the constant yield method to a Note with respect to which this election has been made, the issue price of a Note will equal the electing U.S. Holder's adjusted basis in the Note immediately after its acquisition, the issue date of the Note will be the date of its acquisition by the electing U.S. Holder, and no payments on the Note will be treated as payments of qualified stated interest. If a U.S. Holder makes this election, it will apply only to the Note with respect to which it is made and the U.S. Holder may not revoke it without the consent of the IRS. A U.S. Holder making this election with respect to a Note with bond premium will be deemed to have made the elections (discussed below in "*Bond premium*") to amortize bond premium currently with respect to all debt instruments with bond premium held or acquired by such U.S. Holder as of the beginning of that taxable year.

Foreign currency notes

A cash basis U.S. Holder receiving interest denominated in a currency other than U.S. dollars must include a U.S. dollar amount in income based on the spot exchange rate on the date of receipt whether or not the payment is converted to U.S. dollars. An accrual basis U.S. Holder (or a cash basis U.S. Holder in the case of interest, such as OID, that must be accrued prior to receipt) receiving interest denominated in a currency other than U.S. dollars must include in income a U.S. dollar amount based on the average exchange rate during the accrual period (or, if an accrual period spans two taxable years, the partial period within the taxable year). Upon receipt of an interest payment in a currency other than U.S. dollars, U.S. Holders that have accrued interest will recognize exchange gain or loss equal to the difference, if any, between the U.S. dollar amount of interest previously accrued and the U.S. dollar value of the payment received determined at the spot exchange rate on the date of receipt. Such exchange gain or loss will be U.S. source ordinary income or loss and generally will not be considered additional interest income or expense.

An accrual basis U.S. Holder (and a cash basis U.S. Holder with respect to OID, if any) may elect to translate accrued interest into U.S. dollars at the spot exchange rate on the last day of the accrual period (or, if an accrual period spans two taxable years, at the exchange rate on the last day of the partial accrual period in the relevant taxable year). If accrued interest actually is received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder instead may translate the accrued interest at the spot exchange rate on the date of actual receipt for purposes of translating accrued interest income into U.S. dollars (in which case no exchange gain or loss will be taken into account upon receipt). Any currency translation elections will apply to all debt instruments that the electing U.S. Holder holds or acquires as of the beginning of that taxable year. A U.S. Holder may not revoke this election without the consent of the IRS.

For purposes of this discussion, the "**spot exchange rate**" generally means a rate that reflects a fair market rate of exchange available to the public for currency under a "**spot contract**" in a free market and involving representative amounts. A "spot contract" is a contract to buy or sell a currency other than the U.S. dollar on or before two business days following the date of the execution of the contract. If such a spot rate cannot be demonstrated, the IRS has the authority to determine the spot rate. The "**average rate**" for an accrual period (or partial period) is the average of the spot exchange rates for each business day of such period or other average exchange rate for the period reasonably derived and consistently applied by a U.S. Holder.

The tax basis of currency other than U.S. dollars received by a U.S. Holder generally will equal the U.S. dollar equivalent of such foreign currency at the spot rate on the date it is received. Upon the subsequent exchange of such foreign currency for U.S. dollars, another currency, or property, a U.S. Holder generally will recognize exchange gain or loss equal to the difference between the U.S. Holder's tax basis in the foreign currency and the U.S. dollars received or the

U.S. dollar value of the other currency (at the spot rate on the date of exchange) or property. Such gain or loss will be U.S. source ordinary gain or loss.

Short-term notes

A U.S. Holder of a Note with a maturity of one year or less (a "**Short-Term Note**") will be subject to special rules.

The OID rules do not treat interest payments on a Short-Term Note as qualified stated interest, but instead treat a Short-Term Note as having OID determined by including any stated interest payments in a Short-Term Note's stated redemption price at maturity. Except as noted below, a cash-basis U.S. Holder of a Short-Term Note generally will not be required to accrue OID currently, but will be required to treat any gain realized on a sale or other disposition of a Short-Term Note as ordinary income to the extent such gain or loss does not exceed the OID accrued with respect to the Short-Term Note during the period the U.S. Holder held it. Accrual basis (and electing cash-basis) U.S. Holders will include OID on a Short-Term Note in income on a current basis.

A U.S. Holder will accrue OID on a Short-Term Note on a straight-line method unless it elects a constant yield method. If a U.S. Holder makes this election, it will apply only to the Short-Term Note with respect to which it is made, and the U.S. Holder may not revoke it. Furthermore, unless a U.S. Holder elects to include OID into income on a current basis as described above, a U.S. Holder of a Short-Term Note having OID may be required to defer the deduction of all or a portion of the interest expense on any debt incurred or maintained to purchase or carry such Short-Term Note.

Contingent debt obligations

A Series of Notes may provide for contingent payments ("**Contingent Debt Obligations**"). Special rules govern the tax treatment of Contingent Debt Obligations. These rules generally require a U.S. Holder to treat all interest as OID and to accrue OID at a rate equal to the comparable yield on a non-contingent fixed rate debt instrument of the Issuer with similar terms and conditions and a projected payment schedule that produces such comparable yield. The amount of OID will then be allocated on a ratable basis to each day in the period that the U.S. Holder holds the Contingent Debt Obligation. The OID would be ordinary income from sources outside of the United States.

If the actual payments made on a Contingent Debt Obligation in a year differ from the projected contingent payments, U.S. Holders will recognize additional interest income or ordinary loss (after offsetting and reducing OID for such periods). Ordinary loss is recognized only to the extent of OID accrued in prior years, with any further excess being carried forward to offset OID accruals in future taxable years or as a reduction in the amount realized upon sale maturity or other disposition of the Contingent Debt Obligation. U.S. Holders therefore might be required to recognize income greater or less than the interest and other cash payments on the Contingent Debt Obligations.

The OID rules do not treat Notes as having OID by reason of the contingent U.S. dollar values of payments on Notes denominated in a single currency other than U.S. dollars. U.S. Holders of Contingent Debt Obligations denominated in a single currency other than U.S. dollars generally are required to accrue interest at a comparable yield in units of foreign currency and translate OID into U.S. dollars in accordance with the rules for accrual basis taxpayers. Special rules apply to the conversion of adjustments.

Gain on the sale or other disposition of a Contingent Debt Obligation generally will be treated as ordinary income from sources outside of the United States. Loss will be treated as ordinary loss to the extent of prior net interest inclusions and capital loss to the extent of any excess. Loss generally would be treated as arising from foreign sources.

Optional redemption

Generally, if the Issuer has an option to redeem a Note or a U.S. Holder has an option to cause a Note to be repurchased prior to the Note's stated maturity, the option will be presumed to be

exercised if, utilizing an early redemption or repurchase and the amount payable on such date, the yield on the Note would (i) in the case of an option of the Issuer, be lower than its yield to stated maturity, or (ii) in the case of an option of the U.S. Holder, be higher than its yield to stated maturity. A determination of the payment schedule most likely to occur is binding upon all U.S. Holders of the Notes except for a U.S. Holder that explicitly discloses on its U.S. federal income tax return for the taxable year in which it acquired the Note that it has determined the yield and maturity of the Note on a different basis. If the option is not exercised when presumed to be exercised, the Note would be treated as if it were repurchased or redeemed and a new Note were issued on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date.

Market discount

If the stated redemption price at maturity of a Note exceeds a U.S. Holder's tax basis in the Note by more than a *de minimis* amount, the Note (other than a Short-Term Note) will have market discount. A Note generally will not have market discount if such excess is less than ¼ of 1% of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity.

Generally, a U.S. Holder will treat gain that it recognizes on the sale or other disposition of a Note as ordinary income to the extent of the market discount accrued while such U.S. Holder held the Note. Alternatively, a U.S. Holder may elect to report accrued market discount as income annually over the term of the Note. If a U.S. Holder makes this election, it will apply to all debt instruments with market discount that the electing U.S. Holder holds or acquires as of the beginning of that taxable year. A U.S. Holder may not revoke this election without the consent of the IRS.

A U.S. Holder will accrue market discount on a Note on a straight-line method unless it elects a constant-yield method. If a U.S. Holder makes this election, it will apply only to the Note with respect to which it is made and the U.S. Holder may not revoke it.

Furthermore, unless a U.S. Holder elects to include market discount in income on a current basis as described above, a U.S. Holder of a Note having market discount may be required to defer the deduction of all or a portion of the interest expense on any debt incurred or maintained to purchase or carry such Note.

In the case of a Note denominated in a currency other than U.S. dollars, (i) market discount is determined in units of the relevant foreign currency, (ii) accrued market discount required to be taken into account on the maturity or earlier disposition of a Note is translated into U.S. dollars at the spot rate on maturity or earlier date of disposition of the Note (and no part of such market discount is treated as exchange gain or loss), and (iii) accrued market discount currently includible in income by a U.S. Holder is translated into U.S. dollars at the average exchange rate for the accrual period, and exchange gain or loss is determined on the maturity or earlier date of disposition of the Note in the manner described in "*Foreign Currency Notes*" above, with respect to computation of exchange gain or loss on the receipt of accrued interest.

Bond premium

A U.S. Holder that has a tax basis in a Note that is greater than its principal amount may elect to treat the excess as amortizable bond premium. If a U.S. Holder makes this election, it will reduce the amount required to be included in income each year with respect to interest on the Note by the amount of amortizable bond premium allocable to that year. If a U.S. Holder makes an election to amortize bond premium, it will apply to all the debt instruments of a U.S. Holder with bond premium that the electing U.S. Holder holds or acquires as of the beginning of that taxable year. A U.S. Holder may not revoke this election without the consent of the IRS.

In the case of a Note denominated in a currency other than U.S. dollars, bond premium is computed in units of the relevant foreign currency and amortizable bond premium reduces interest income in units of such foreign currency. At the time amortizable bond premium offsets interest income, foreign currency exchange gain or loss (taxable as ordinary income or loss, but

not generally as interest income or expense) is realized based on the difference between spot rates at that time and at the time of the acquisition of the Note.

If a Note can be optionally redeemed after the U.S. Holder acquires it at a price in excess of its principal amount, special rules would apply that could result in a deferral of the amortization of some bond premium until later in the term of the Note.

With respect to a holder that does not elect to amortize bond premium, the amount of bond premium constitutes a capital loss when the bond matures. In the case of a Note denominated in a currency other than U.S. dollars, foreign currency exchange gain or loss with respect to the premium is realized based on the difference between the spot rates on the sale or other disposition of the Note and at the time of the acquisition of the Note. In such case, the amount of any capital loss relating to the premium may be offset or eliminated by exchange gain.

Special rules apply to Notes issued with OID that are purchased at a premium.

Disposition of the notes

A U.S. Holder generally will recognize capital gain or loss upon a sale or other disposition of a Note in an amount equal to the difference between the amount realized from such disposition (less any accrued unpaid qualified stated interest, which will be taxable as such to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the Note. Gain or loss on the sale or other disposition of the Note generally will be long-term capital gain or loss if the Note has been held for more than a year. Special rules apply to gains or losses on Contingent Debt Obligations as described above.

A U.S. Holder's adjusted tax basis in a Note generally will equal the U.S. Holder's cost of the Note, increased by any accrued market discount or OID included in income and decreased by the amount of any amortized bond premium or payment (other than qualified stated interest) received with respect to the Note. The cost of a Note denominated in a currency other than U.S. dollars will be the U.S. dollar value of the currency on the date of purchase determined at the spot rate.

A U.S. Holder that receives currency other than U.S. dollars upon sale or other disposition of the Notes will realize an amount equal to the U.S. dollar value of the currency on the date of sale. If the Notes are traded on an established securities market, a cash basis U.S. Holder or electing accrual basis taxpayer will determine the amount realized on the settlement date. A U.S. Holder will have a tax basis in the currency equal to the U.S. dollar amount realized. Any gain or loss realized by a U.S. Holder on a subsequent conversion of currency for U.S. dollars will be U.S. source ordinary income or loss.

The election available to accrual basis U.S. holders in respect of the sale of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

In the case of a Note denominated in a currency other than U.S. Dollars, to the extent recognized gain or loss is attributable to changes in the exchange rates with respect to the relevant foreign currency between the date of acquisition and disposition of the Note, the exchange gain or loss will be treated as U.S. source ordinary income or loss and generally will not be considered additional interest income or expense. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction. Generally, any gain or loss realized on the transaction in excess of such exchange gain or loss will be U.S. source capital gain or loss and will be long-term capital gain or loss if the Note has been held for more than one year.

For U.S. federal income tax purposes, a substitution of obligors under the Notes, as described under Condition 15 (*Substitution of the Issuer*), may be treated as a deemed taxable exchange of Notes for new Notes issued by the Substituted Debtor. If the substitution of obligors were treated as a deemed taxable exchange, a U.S. Holder generally would recognize capital gain or loss in an amount equal to the difference between the issue price of the new Notes and the U.S. Holder's adjusted tax basis in the Notes. In addition, other possible adverse tax consequences may apply. U.S. Holders should consult their own tax advisers regarding the U.S. federal income tax consequences of a deemed taxable exchange in the event of a substitution of obligors.

Medicare Contribution Tax

Interest (including OID, if any) received on a Note and gain realized on the disposition of a Notes will generally be includible in "net investment income" for purposes of the Medicare contribution tax imposed on certain individuals, estates and trusts.

Information reporting and backup withholding

Payments of interest (including OID, if any), principal, premium, or the proceeds from sale of Notes that are made within the United States or through certain U.S. related financial intermediaries may be reported to the IRS unless the Holder is a U.S. Holder that is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if a U.S. Holder fails to provide an accurate taxpayer identification number, or to otherwise establish a basis for exemption. A U.S. Holder can claim a credit against U.S. federal income tax liability for amounts withheld under the backup withholding rules, and it can claim a refund of amounts in excess of its liability by providing required information to the IRS in a timely manner. Prospective investors should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Certain U.S. Holders are required to report information with respect to their investment in Notes not held through an account with a U.S. financial institution to the IRS. Investors who fail to report required information are subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors regarding the implications of this legislation on their investment in Notes.

A U.S. Holder may be required specifically to report a sale, retirement or other taxable disposition of Notes to the IRS if it recognizes a loss over a threshold amount, including a foreign currency loss from a single transaction that exceeds, in the case of an individual or trust, US$50,000 in a single taxable year or, in other cases, various higher thresholds. U.S. Holders that recognize a loss on a Note should consult their tax advisors.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.

BENEFIT PLAN INVESTOR CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan (a "**plan**") subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), should consider the fiduciary standards of ERISA in the context of the plan's particular circumstances before authorizing an investment in the Notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan, and whether the investment would involve a prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

Section 406 of ERISA and Section 4975 of the Code prohibit plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code (also "**plans**") from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code ("**parties in interest**") with respect to the plan or account. A violation of these prohibited transaction rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Certain employee benefit plans and arrangements including those that are governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b) (4) of ERISA) ("**non-ERISA arrangements**") are not subject to the requirements of Section 404 of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, non-U.S. or other regulations, rules or laws ("**similar laws**").

The acquisition of the Notes by a plan with respect to which the Issuer or certain of its affiliates is or becomes a party in interest may constitute or result in a prohibited transaction under Section 404 of ERISA or Section 4975 of the Code, unless those Notes are acquired pursuant to and in accordance with an applicable exemption. The U.S. Department of Labor has issued prohibited transaction class exemptions, or "**PTCEs**", that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the Notes. These class exemptions (as may be amended from time to time) include, without limitation: (1) PTCE 84-14, an exemption for certain transactions determined or effected by independent qualified professional asset managers; (2) PTCE 90-1, an exemption for certain transactions involving insurance company pooled separate accounts; (3) PTCE 91-38, an exemption for certain transactions involving bank collective investment funds; (4) PTCE 95-60, an exemption for transactions involving certain insurance company general accounts; and (5) PTCE 96-23, an exemption for plan asset transactions managed by in-house asset managers. In addition, ERISA Section 408(b) (17) and Section 4975(d)(20) of the Code provides a limited exemption for the purchase and sale of securities and related lending transactions, **provided that** neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any plan involved in the transaction and **provided further that** the plan pays not more than adequate consideration in connection with the transaction (the so-called "**service provider exemption**"). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the Notes.

Accordingly, the Notes may not be purchased or held by (1) any plan, (2) any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include "plan assets" by reason of any plan's investment in the entity (a "**plan asset entity**") or (3) any person investing "plan assets" of any plan, unless in each case the purchaser or Holder is eligible for exemptive relief. Any purchaser or Holder of the Notes or any interest in the Notes will be deemed to have represented by its purchase and holding of the Notes that either (1) it is not a plan or a plan asset entity and is not purchasing those Notes on behalf of or with "plan assets" of any plan or plan asset entity or (2) such purchase and holding of the Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. In addition, any purchaser or Holder of the Notes or any interest in the Notes which is a non-ERISA arrangement will be deemed to have represented by its purchase and holding of the Notes that its purchase and holding will not violate the provisions of any similar law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing the Notes on behalf of or with "plan assets" of any plan, plan asset entity or non-ERISA arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above or

any other applicable exemption, or the potential consequences of any purchase or holding under similar laws, as applicable.

Each purchaser and Holder of the Notes has exclusive responsibility for ensuring that its purchase and holding of the Notes does not violate the prohibited transaction rules of ERISA, the Code or any similar laws. The sale of any Notes to a plan, plan asset entity or non-ERISA arrangement is in no respect a representation by the Issuer or any of its affiliates or representatives that such an investment meets all relevant requirements with respect to plans, plan asset entities or non-ERISA arrangements generally or any particular plan, plan asset entity or non-ERISA arrangement, or that such an investment is appropriate for plans, plan asset entities or non-ERISA arrangements generally or any particular plan, plan asset entity or non-ERISA arrangement.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL ERISA AND OTHER U.S. MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS ABOUT THE CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.

PLAN OF DISTRIBUTION

The Notes are being offered on a continuous basis for sale by (i) the Issuer through an agent acting as principal for its own account for resale to investors and other purchasers, to be determined by such agent or (ii) the Issuer, who has reserved the right to sell, solicit and accept offers to purchase, Notes directly on its own behalf. Any such agent would be appointed in accordance with a Private Placement Agreement, (each an "**Agent**"), in which it would agree to solicit offers to purchase the Notes pursuant to a Private Placement Agreement or such other arrangements as may be entered into from time to time, if applicable. The Issuer will pay the applicable Agent a commission which will equal a percentage of the principal amount of any such Note sold through such Agent or such other commissions as may be agreed from time to time between the Issuer and such Agent. The Issuer may also sell Notes to an Agent, as principal, at a discount from the principal amount thereof, and such Agent may later resell such Notes to investors at varying prices related to prevailing market prices at the time of sale as determined by such Agent. The Issuer may also sell Notes directly to, and may solicit and accept offers to purchase directly from, investors on its own behalf in those jurisdictions where it is authorized to do so.

ABN AMRO Bank is not a registered broker-dealer in the United States and, therefore, to the extent that it intends to effect any offers or sales of the Notes in the United States, it will do so through ABN AMRO Securities (USA) LLC or another U.S. registered broker-dealer in accordance with applicable securities laws and as permitted by FINRA regulation. Accordingly, ABN AMRO Bank, as Agent, will offer and sell Notes outside the United States only.

In addition, an Agent may offer any such Notes it has purchased as principal to other Agents. An Agent may sell Notes to any Agent at a discount. Unless otherwise indicated in the applicable Pricing Term Sheet and/or Final Terms, as the case may be, any Note sold to an Agent as principal will be purchased by such Agent at a price equal to 100% of the principal amount thereof less a commission to be agreed, and may be resold by such Agent to investors and other purchasers from time to time in one or more transactions, including negotiated transactions, at a fixed offering price or at varying prices determined at the time of sale or may be resold to certain Agents as described above. After the initial offering of Notes to be resold to investors and other purchasers on a fixed offering price basis, the offering price, concession and discount may be changed.

The Issuer reserves the right to withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part whether placed directly with the Issuer or through an Agent. Each Agent will have the right, in its discretion reasonably exercised, to reject any offer to purchase Notes received by it, in whole or in part.

In connection with the issue of any Tranche of Notes, an Agent or Agents (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in the applicable Final Terms and/or Pricing Term Sheet 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, stabilization may not occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

None of the Issuer or, to the extent so appointed, Agents, makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of notes. In addition, neither the Issuer nor any of the Agents makes any representation that such Agents will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

The Issuer has agreed to indemnify any Agents severally against and to make contributions relating to certain liabilities, including liabilities under the Securities Act. An Agent appointed under this Program may engage in transactions with, or perform services for, the Issuer in the ordinary course of business.

Prior to the offering of a particular issuance of Notes, there may not be an active markets for such Notes. From time to time, an Agent appointed under this program may make a market in the Notes as permitted

by applicable laws and regulations, but any such Agent will have no obligation to do so, and any such market making activities with respect to the Notes may be discontinued at any time without notice. There can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops.

Certain of the Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of their business activities, some of the Agents or their affiliates may have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for ABN AMRO Bank or its affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to ABN AMRO Bank and its affiliates in the future, for which they may also receive customary fees and commissions. In addition, in the ordinary course of their business activities, the Agents and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Agents or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Agents and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Program. Any such short positions could adversely affect future trading prices of Notes issued under the Program. The Agents and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and financial instruments.

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in reliance upon an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered hereby only (A) to QIBs within the meaning of Rule 144A and (B) outside the United States to persons other than U.S. persons (as defined in Regulation S) in offshore transactions in reliance upon Regulation S. The minimum principal amount of Notes which may be purchased for any account is US$200,000 (or the equivalent thereof in another currency or composite currency, or in the case of Foreign Currency Notes, 1,000 units of such currency, if such Notes are clearing through DTC) but so that in no event the minimum denomination will be lower than EUR 100,000.

1. **PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - From 1 January 2018, each Agent has represented and agreed, and each further Agent appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

   (a) the expression "retail investor" means a person who is one (or more) of the following:

      (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

      (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

      (iii) not a qualified investor as defined in the Prospectus Directive; and

   (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prior to 1 January 2018, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Agent appointed under this Program 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) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) 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 (a) to (c) above shall require the Issuer or any Agent 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 (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

2. In relation to each Tranche of Notes to be issued by the Issuer under the Program, each Agent appointed under this Program will be required to represent and agree that:

(a) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

3. Each Dealer has acknowledged, and each further Dealer appointed under the Program will be required to acknowledge that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not

circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) (an "**Institutional Investor**") pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) (a "**Relevant Person**") pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an Institutional Investor or to a Relevant Person as defined in Section 275(2) of the SFA, or which arises from an offer referred to in Section 275(1A) (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (jn the case of that trust);

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

4. 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 the "**Financial Instruments and Exchange Law**") and each Agent has agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the account or benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

5. With respect to offers and sales outside the United States, the Issuer will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the distribution compliance period (as defined in Regulation S) a confirmation or notice substantially to the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not as a matter of U.S. law be offered and 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 later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act (or Rule 144A under the Securities Act, if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S".

Until the expiration of the period ending 40 days after the later of the commencement of the offering and the date of issue of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act. Furthermore, if any such Notes are sold within the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S) pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act, such person (i) must hold its interest in the Notes offshore through Euroclear or Clearstream, Luxembourg, as the case may be, until the expiration of the distribution compliance period (as defined in Regulation S) and (ii) upon the expiration of such distribution compliance period, must certify that it bought such Notes pursuant to Rule 144A or pursuant to another exemption from registration under the Securities Act.

6. With respect to offers and sales in the United Kingdom, each Agent appointed under this Program will be required to represent, warrant and agree, that:

   (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

   (ii) 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.

7. Each Agent appointed under this Program will be required to agree that it 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 and/or Pricing Term Sheet in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

   (a) such offer is made exclusively to legal entities which are qualified investors (as defined in the Wft and which includes authorized discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or

   (b) standard exemption logo and wording are disclosed as required by article 5:20(5) of the Wft; or

   (c) such offer is otherwise made in circumstances in which article 5:20(5) of the Wft is not applicable,

   provided that no such offer of Notes shall require the Issuer or any Agent 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 expressions (i) an "**offer of Notes to the public**" in relation to any Notes in The Netherlands; and (ii) "**Prospectus Directive**", have the meaning given to them above in paragraph 1.

8. This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Each Agent appointed under the Program will be required to represent and agree that it will (a) only offer or sell the Notes in, into or from Switzerland in compliance with all applicable laws and regulations in force in Switzerland and (b) to the extent necessary, obtain any consent, approval or permission required, for the offer or sale by it of the Notes under the laws and regulations in force in Switzerland.

9. Each Agent appointed under the Program will be required to represent and agree with the Issuer that (i) this Base Prospectus will not be registered as a prospectus in terms of the South African Companies Act, 2008 (the "**SA Companies Act**") in South Africa and as such, any offer of the Notes in South Africa will not be an offer to the public as contemplated under the SA Companies Act and may only be made to persons falling within the categories of persons listed in section 96(1) of the SA Companies Act and (ii) any offer or sale of the Notes shall be subject to compliance with South African exchange control regulations.

10. The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea and each Agent appointed under the Program will be required to represent and Agree that none of the Notes may be offered or sold, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea or to any persons for reoffering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined under the Foreign Exchange Transaction Law of Korea and the regulations thereunder) except pursuant to an exemption from the registration requirements of the Financial Investment Services and Capital Markets Act of Korea available thereunder and/or in compliance with applicable laws and regulations of Korea. In addition, during the first year after the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a "qualified institutional investor" as defined in the Regulation on Securities Issuance and Disclosure of Korea (a "**Korean QII**") who is registered with the Korea Financial Investment Association for Korean QII bond trading. Furthermore, the Notes acquired by all Korean QIIs at the time of issuance must be less than 20 per cent. of the aggregate principal amount of the Notes.

11. Each Agent appointed under the Program will be required to represent and agree that it will comply with all laws, regulations and guidelines applicable to the offering of Notes in Norway.

12. The Notes will not be deposit liabilities of the Issuer and will not be insured by the Canada Deposit Insurance Corporation, the U.S. Federal Deposit Insurance Corporation or any other governmental agency of Canada, The Netherlands, the United States or any other jurisdiction. The Issuer is not regulated as a financial institution in Canada.

    Notes will be offered and may be sold only to purchasers in a province or territory of Canada other than the Northwest Territories.

    The Agents will offer the Notes for sale only as permitted by applicable Canadian securities laws, and only to such prospective purchasers and in such manner that, pursuant to the applicable Canadian securities laws, no prospectus need be delivered or filed in connection therewith.

    The Notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

    Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Agents are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

13. Each Agent appointed under this Program 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, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Agent appointed under the Program shall have any responsibility therefor.

The Issuer and any Agent appointed under the Program 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 Agent will be required to comply with such other restrictions as the Issuer and the relevant Agent shall agree and as shall be set out in the applicable Final Terms and/or Pricing Term Sheet.

There is no undertaking to register the Notes hereafter and they cannot be resold except pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Each purchaser of the Notes offered hereby in making its purchase shall be deemed to have made the acknowledgments, representations and agreements as set forth under "*Notice to Purchasers*".

LEGAL MATTERS

Certain matters with respect to the establishment of the Program and the issue of the Notes thereunder have been passed upon for the Issuer by its United States and Dutch counsel, Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ, United Kingdom. Certain legal matters relating to establishment of the Program and the issue of Notes thereunder have been passed upon for the Agents by their United States counsel, Sidley Austin LLP, Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA, United Kingdom and their Dutch counsel, Allen & Overy LLP, Apollolaan 15, 1077 AB Amsterdam, The Netherlands.

GENERAL INFORMATION

Authorization

The establishment of, and the issue of Notes under, the Program have been duly authorized by a resolution of the Supervisory Board and Managing Board of the Issuer dated 6 April 2010 and 10 May 2010, respectively. All consents, approvals, authorizations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Amended and Restated Private Placement Agreement, the Senior Notes Agency Agreement, the Subordinated Notes Agency Agreement and the Notes.

Corporate information

ABN AMRO Bank N.V. was incorporated on 9 April 2009. ABN AMRO Bank N.V. is a private limited liability company incorporated under the laws of The Netherlands and has its statutory seat in Amsterdam, The Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. ABN AMRO Bank N.V. is registered with the Trade Register of the Chamber of Commerce under number 34334259.

Shareholder and change of control

ABN AMRO Group N.V. is ABN AMRO Bank's sole shareholder. Following the Legal Merger, ABN AMRO Bank is the only direct subsidiary of ABN AMRO Group N.V. and ABN AMRO Group N.V. has no significant activities other than holding the shares in ABN AMRO Bank. The managing board and the supervisory board of ABN AMRO Group N.V. are composed of the same members as ABN AMRO Bank. As of the date of this Base Prospectus, all shares in the capital of ABN AMRO Group N.V. are held by two foundations: NLFI and STAK AAG. NLFI holds 70% and STAK AAG holds 30% of the shares in the issued capital of ABN AMRO Group N.V. Both foundations have issued depositary receipts for shares in ABN AMRO Group N.V. Only STAK AAG's depositary receipts are issued with the cooperation of ABN AMRO Group N.V. and traded on Euronext Amsterdam.. See "*The Issuer—3. Management and Governance*".

Listing

Application has been made to Euronext Amsterdam for Notes issued under the Program and up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext Amsterdam.

Documents available

So long as Notes are capable of being issued under the Program, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer:

(i) an English translation of the most recent Articles of Association of the Issuer;

(ii) copies of the documents listed under "*Documents Incorporated by Reference*";

(iii) the most recently available audited financial statements of ABN AMRO Group N.V. and the most recently available unaudited interim financial statements of ABN AMRO Group N.V.;

(iv) the Senior Notes Agency Agreement (which contains the forms of the Senior Notes);

(v) the Subordinated Notes Agency Agreement (which contains the forms of the Subordinated Notes);

(vi) a copy of this Base Prospectus and any supplements thereto; and

(vii) in the case of each issue of listed Notes subscribed, the applicable Final Terms and/or Pricing Term Sheet.

Notices

All notices regarding the Notes shall be in accordance with any applicable rule or regulation or decree by a governmental body and the rules and customary procedures of the Stock Exchange or applicable clearing system and need not be given by mail unless required by the rules of the Stock Exchange or applicable clearing system. See also Condition 12 (*Notices*).

Information Sourced from a third party

All information presented in this Prospectus sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

Issuer ratings

Credit rating agencies periodically review the creditworthiness and publish ratings which assess the level of risk attached to debt instruments. Credit ratings on ABN AMRO Bank N.V. (or their legal predecessors) are presented in the table below.

Corporate rating	S&P	Moody's	Fitch
Long term credit rating	A	A1	A+
Outlook long term credit rating	Stable	Stable	Stable
Short term credit rating	A-1	P-1	F1

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

Notes issued under this Program may be rated or unrated. Subordinated Notes issued under the Program may be lower rated than the corporate rating on ABN AMRO Bank N.V.

Clearing and settlement systems

The Notes may be accepted for clearance through DTC, Euroclear, Clearstream, Luxembourg or any other relevant clearing system (which will be the entity in charge of keeping the records). The appropriate CUSIP number, together with ISIN's and Common Codes, if applicable, will be contained in the Pricing Term Sheet or Final Terms, as the case may be, relating thereto. The applicable Pricing Term Sheet or Final Terms, as the case may be, shall specify each clearing system which has accepted the relevant Notes for clearance together with any further appropriate information. See also the more detailed discussion of settlement arrangements for the Notes under "*Book Entry, Delivery, Form and Settlement—Global clearance and settlement*".

The address of DTC is 55 Water Street, New York, New York 10041, U.S.A., the address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of any issue of Notes to be issued under the Program will be determined by the Issuer and the relevant Agent at the time of issue in accordance with prevailing market conditions.

Significant or material change

There has been no (i) material adverse change in the Issuer's prospects or (ii) significant change in the financial position of the Issuer and its subsidiaries since 31 December 2016.

There has been no (i) material adverse change in the ABN AMRO Group N.V.'s prospects or (ii) significant change in the financial position of the ABN AMRO Group N.V. and its subsidiaries since 31 December 2016.

Independent Auditor

The consolidated annual financial statements of ABN AMRO Group N.V. and the Issuer as of 31 December 2016, and for the year then ended, incorporated by reference in this Base Prospectus, have

been audited by Ernst & Young Accountants LLP, independent auditors, as stated in their report appearing herein. The individual auditors of EY are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*). EY has given, and has not withdrawn, its consent to the inclusion of its reports in this Base Prospectus in the form and context in which it is included. As the offered Notes have not been and will not be registered under the Securities Act of 1933, EY has not filed a consent under the Securities Act of 1933.

The consolidated annual financial statements of ABN AMRO Group N.V. and the Isuser as of 31 December 2015, and for the year then ended, incorporated by reference in this Base Prospectus, have been audited by KPMG Accountants N.V., independent auditors, as stated in their report appearing herein. The individual auditors of KPMG are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*). KPMG has given, and has not withdrawn, its consent to the inclusion of its reports in this Base Prospectus in the form and context in which it is included. As the offered Notes have not been and will not be registered under the Securities Act of 1933, KPMG has not filed a consent under the Securities Act of 1933.

Post-issuance information

Save as set out in the Final Terms and/or Pricing Term Sheet and other information described under "*Available Information*", the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Substitution of the Issuer

The Issuer may, under certain conditions as set out in Condition 15 (*Substitution of the Issuer*), be replaced and substituted by either (a) any directly or indirectly wholly owned subsidiary of the Issuer or (b) in the case of Senior Notes only, ABN AMRO Group N.V.

Legal and arbitration proceedings

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in *"The Issuer—1. ABN AMRO Bank N.V.—1.8 Legal and arbitration proceedings*". However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that, save as set out above, it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding 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 ABN AMRO, the Issuer and/or its subsidiaries.

SELECTED DEFINITIONS AND ABBREVIATIONS

Definitions

In this Base Prospectus, unless the context otherwise requires:

"**AACF**" refers to ABN AMRO Commercial Finance B.V.

"**AAHG**" refers to ABN AMRO Hypotheken Groep B.V.

"**ABN AMRO**" or the "**Group**" refers to ABN AMRO Group N.V. incorporated on 18 December 2009 ("**ABN AMRO Group**") and its consolidated subsidiaries.

"**ABN AMRO Bank**" or the "**Issuer**" refers to ABN AMRO Bank N.V. incorporated on 9 April 2009 (formerly known as "ABN AMRO II N.V.").

"**ABN AMRO Bank Standalone**" refers to ABN AMRO Bank N.V. in the period between the Legal Demerger on 6 February 2010 and the Legal Merger on 1 July 2010, which contained the businesses of ABN AMRO Holding acquired by the Dutch State.

"**ABN AMRO Clearing**" refers to ABN AMRO Clearing Bank N.V.

"**ABN AMRO Holding**" refers to ABN AMRO Holding N.V. and its consolidated subsidiaries which was acquired by the Consortium and renamed RBS Holdings N.V. upon the Legal Separation. "**RBS Holdings N.V.** " is part of The Royal Bank of Scotland Group plc.

"**ABN AMRO Lease**" refers to ABN AMRO Lease N.V.

"**ABN AMRO Verzekeringen**" refers to Delta Lloyd ABN AMRO Verzekeringen Holding B.V.

"**AFM**" refers to the Dutch *Stichting Autoriteit Financiële Markten*.

"**Ageas**" refers to ageas SA/NV (formerly known as "Fortis SA/NV") and ageas N.V. (formerly known as "Fortis N.V.") together.

"**Agent**" refers to any agent under this Program appointed by the Issuer from time to time.

"**Alfam**" refers to Alfam Holding N.V.

"**ALM and Treasury**" refers to ALM and Treasury.

"**Annual Report 2015**" refers to ABN AMRO Group N.V.'s Annual Report 2015.

"**AuM**" refers to assets under management.

"**Bail-In Tool**" refers to the power provided to resolution authorities by the BRRD and the European regulation establishing uniform rules and a uniform procedure for the resolution of banks and certain investment firms in the framework of the Single Resolution Mechanism (Regulation 806/2014) to ensure that capital instruments and eligible liabilities absorb losses when the issuing institution meets the conditions for resolution, through the write-down or conversion of equity of such instruments.

"**Banque Neuflize OBC**" refers to Banque Neuflize OBC S.A.

"**Basel Committee**" refers to the Basel Committee on Banking Supervision.

"**Basel III Final Recommendations**" refers to the proposals of the Basel Committee set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011.

"**Beneficial Owner**" refers to a owner of beneficial interests in a Global Certificate.

"**Bethmann**" refers to Bethmann Bank AG.

"**BLMIS**" refers to Bernard L. Madoff Investment Securities.

"**C&MB**" refers to Commercial & Merchant Banking.

"**Capital Event**" refers to the event described as such in "*Overview—The Program and Terms and Conditions of the Notes—Redemption*".

"**CCPs**" refers to central counterparties.

"**CFTC**" refers to the U.S. Commodity Futures Exchange Commission.

"**Clearstream, Luxembourg**" refers to Clearstream Banking, S.A..

"**Client Assets**" means assets, including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of maximising the investment result (including cash and securities of clients held on accounts with ABN AMRO).

"**Code**" refers to of the U.S. Internal Revenue Code of 1986, as amended.

"**Consolidated Annual Financial Statements 2016 ABN AMRO Group N.V.**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2016 as set out on pages 249 to 368 in relation to the financial statements 2016, including the notes to the financial statements as set out on pages 257 to 360 and the statutory financial statements as set out on pages 361 to 365, pages 91 to 204 (certain information in the Risk, funding & capital report labelled as "audited" in the respective headings), and the auditors' report thereon on pages 370 to 376, all as included in ABN AMRO Group N.V.'s Integrated Annual Report 2016.

"**Consolidated Annual Financial Statements 2015 ABN AMRO Group N.V.**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2015 as set out on pages 330 to 337 in relation to the financial statements 2015, including the notes to the financial statements as set out on pages 338 to 461 and the statutory financial statements as set out on pages 457 to 460, pages 124 to 269 (certain information in the Risk, funding & capital Report labelled as "audited" in the respective headings), and the auditors' report thereon on pages 465 to 471, all as included in ABN AMRO Group N.V.'s Annual Report 2015.

"**Consortium**" refers to The Royal Bank of Scotland Group plc, Ageas and Banco Santander S.A. which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ("**RFS Holdings**").

"**Council**" refers to the Council of the European Union.

"**CRA Regulation**" refers to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

"**CRD**" refers to the capital requirements directives.

"**CRD IV**" refers to together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations.

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

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

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

"**Credit Umbrella**" refers to a financial guarantee that covered part of the potential credit losses on the portfolio existing at the time of the closing of the transaction, included in the sale of the EC Remedy Businesses to Deutsche Bank.

"**Definitive Note**" refers to a Note in individual certificated registered form.

"**DNB**" refers to The Dutch Central Bank (*De Nederlandsche Bank N.V.*).

"**Dodd-Frank Act**" refers to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"**DTC**" refers to The Depository Trust Company.

"**DTC Global Certificate**" refers to a DTC Regulation S Global Certificate together with any Rule 144A Global Certificate.

"**DTC Regulation S Global Certificate**" refers to a Global Certificate deposited with the U.S. Registrar as custodian for, and registered in the name of a nominee of, DTC, registered in respect of Notes sold outside the United States.

"**Dutch Intervention Act**" refers to the Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*).

"**Dutch State**" refers to the State of The Netherlands.

"**EC**" refers to the European Commission.

"**EC Remedy**" refers to the divestment of the EC Remedy Businesses by ABN AMRO Bank Standalone in order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN with ABN AMRO Bank Standalone through the Legal Merger.

"**EC Remedy Businesses**" refers to New HBU II N.V. and IFN Finance BV.

"**ECB**" refers to the European Central Bank.

"**ECT**" refers to Energy, Commodities & Transportation.

"**EMIR**" refers to the European Market Infrastructure Regulation EU 648/2012.

"**ERISA**" refers to the U.S. Employee Retirement Income Security Act of 1974, as amended.

"**Euro Regulation S Global Certificate**" refers to a Global Certificate representing Notes sold pursuant to an offering made outside the United States.

"**Euroclear**" refers to Euroclear Bank S.A./N.V.

"**Euronext Amsterdam**" refers to Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.

"**Exchange Act**" refers to the United States Securities Exchange Act of 1934, as amended.

"**FATCA**" refers to sections 1471-1474 of the United States Internal Revenue Code of 1986 enacted by the United States as part of the HIRE Act in March 2010 (commonly referred to as Foreign Account Tax Compliance Act).

"**FBN**" refers to the legal entity Fortis Bank (Nederland) N.V., previously named "Fortis Bank Nederland (Holding) N.V.", which merged with ABN AMRO Bank Standalone pursuant to the Legal Merger.

"**FFI**" refers to a non-U.S. financial institution.

"**FFI Agreement**" refers to an agreement concluded between the FFI and the IRS, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements.

"**Final Terms**" refers to a final terms document with respect to Notes to be listed on Euronext Amsterdam, substantially in the form set out herein.

"**Finance**" refers to Finance, an area of Group Functions.

"**Fitch**" refers to Fitch Ratings Ltd.

"**Foreign Currency Notes**" refers to Notes not denominated in U.S. dollars

"**Former ABN AMRO Group**" refers to the former group of ABN AMRO headed by ABN AMRO Holding N.V. as acquired on 17 October 2007 by the Consortium through RFS Holdings.

"**Former Fortis group**" refers to the former group of companies headed by Fortis SA/NV (renamed "ageas SA/NV") and Fortis N.V. (renamed "ageas N.V.").

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

"**Global Certificate**" refers to a Note issued in global registered form.

"**IASB**" refers to International Accounting Standards Board.

"**ICAAP**" refers to internal capital adequacy assessment process.

"**ICS**" refers to International Card Services B.V.

"**IFRS**" refers to International Financial Reporting Standards.

"**IFRS-EU**" refers to International Financial Reporting Standards as adopted by the European Union.

"**IGA**" refers to an Inter-governmental Agreement between the local Government in a so called IGA jurisdiction and the U.S. to facilitate the implementation of FATCA.

"**Investor's Currency**" refers to the currency or currency unit in which an investor's financial activities are principally denominated.

"**IPO**" refers to an Initial Public Offering.

"**IRS**" refers to the United States Internal Revenue Service.

"**KPMG**" refers to KPMG Accountants N.V., independent auditors.

"**Legal Demerger**" refers to the legal demerger effectuated on 6 February 2010 in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009, thereby demerging the majority of the Dutch State acquired businesses formerly held by RBS N.V. into ABN AMRO Bank Standalone.

"**Legal Merger"** refers to the legal merger effectuated on 1 July 2010 between ABN AMRO Bank Standalone and FBN. ABN AMRO Bank Standalone was the surviving entity and FBN was the disappearing entity.

"**Legal Separation**" refers to the transfer on 1 April 2010 of the shares of ABN AMRO Bank Standalone from ABN AMRO Holding to ABN AMRO Group N.V.

"**Managing Board**" refers to ABN AMRO's managing board.

"**MiFID**" refers to the Markets in Financial Instruments Directive 2004/39/EC.

"**MiFID II**" refers to the Markets in Financial Instruments II Directive (2014/65/EU) and the Markets in Financial Instruments Regulation (Regulation 600/2014).

"**MoneYou**" refers to MoneYou B.V.

"**Moody's**" refers to Moody's Investors Service, Limited.

"**Moratorium**" refers to the situation that a competent court has declared that the Issuer is in a situation which requires special measures (*noodregeling*) in the interests of all creditors, as referred to in Chapter 3.5.5 of the Wft.

"**Neuflize Vie**" refers to Neuflize Vie S.A.

"**NLFI**" refers to *Stichting administratiekantoor beheer financiële instellingen* (trade name NL Financial Investments).

"**non-ERISA arrangement**" refers to a governmental, church or other plan subject to provisions under similar law.

"**Notes**" refers to the Senior Notes and the Subordinated Notes together.

"**NSS**" refers to New Safekeeping Structure.

"**OTC**" refers to over-the-counter.

"**Pricing Term Sheet**" refers to a pricing term sheet relating to a Tranche of Notes to be sold in the United States.

"**Program**" refers to this Debt Issuance Program.

"**Prospectus Directive**" refers to Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, and as implemented in the Relevant Member State).

"**PSD 2**" refers to a revised Payment Services Directive proposed by a legislative package in the field of the EU payments framework adopted by the European Commission on 24 July 2013.

"**QIBs**" refers to "qualified institutional buyers" as defined in Rule 144A.

"**RBS N.V.**" refers to The Royal Bank of Scotland N.V., formerly known as ABN AMRO Bank N.V. prior to the Legal Demerger.

"**Regulation S**" refers to Regulation S under the Securities Act.

"**Relevant Member State**" refers to a Member State of the EEA which has implemented the Prospectus Directive, as amended.

"**Competent Authority**" refers to the European Central Bank, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or other authority having primary responsibility for the prudential oversight and supervision of the Issuer, as determined by the Issuer.

"**Resolution Authority**" means the European Single Resolution Board, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Subordinated Notes pursuant to the Applicable Resolution Framework

"**Revised State Aid Guidelines**" refers to the temporary state aid rules for assessing public support to financial institutions during the crisis, the adoption of which was announced by the European Commission on 10 July 2013.

"**RM&S**" refers to Risk Management, an area of Group Functions.

"**Rule 144A**" refers to Rule 144A under the Securities Act.

"**Rule 144A Global Certificate**" refers to a Global Certificate (representing Notes sold pursuant to an offering made within the United States) deposited with the U.S. Registrar as custodian for, and registered in the name of a nominee of, DTC.

"**S&P**" refers to Standard & Poor's Credit Market Services France SAS, a division of The McGraw-Hill Companies, Inc.

"**SEC**" refers to the Securities and Exchange Commission.

"**SEC Rules and Regulations**" refers to the accounting rules and regulations adopted by the SEC.

"**Securities Act**" refers to the under the United States Securities Act of 1933, as amended.

"**Senior Notes**" refers to the U.S. Senior Medium Term Notes which are being offered on a continuous basis by the Issuer under the Program.

"**Series**" refers to series in which the Notes will be issued.

"**similar law**" refers to applicable federal, state, local or non-U.S. law that are similar to the requirements of section 404 of ERISA or Section 4975 of the Code.

"**SMEs**" refers to small and medium enterprises.

"**Specified Currency**" refers to any currency other than U.S. dollars.

"**SR**" refers to the Single Rulebook, a pillar of the EU banking union.

"**SRM**" refers to the Single Resolution Mechanism, a pillar of the EU banking union.

"**SSM**" refers to the Single Supervisory Mechanism, a pillar of the EU banking union.

"**Statutory Loss Absorption**" has the meaning ascribed thereto in Condition 6(h) (*Statutory Loss Absorption of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes.

"**Subordinated Noteholders**" refers to the holders of the Subordinated Notes of each Series.

"**Subordinated Notes**" refers to the U.S. Subordinated Medium Term Notes which are being offered on a continuous basis by the Issuer under the Program.

"**Substituted Debtor**" refers to the substituting entity described in Condition 15 (*Substitution of the Issuer*).

"**Supervisory Board**" refers to ABN AMRO's supervisory board.

"**Tier 2 Notes**" refers to Subordinated Notes qualifying as Tier 2 capital for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

"**TOPS**" refers to Technology, Operations & Property Services, an area of Group Functions.

"**Tranches**" refers to one or more tranches of which each Series may compromise.

"**U.S. GAAP**" refers to generally accepted accounting principles in the United States.

"**U.S. person**" refers to a "U.S. person" as defined in Regulation S.

"**Wft**" refers to the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations.

Abbreviations

AIRB	Advanced Internal Ratings-Based
ALM	Asset & Liability Management
AMA	Advanced Measurement Approach
bp	Basis point
CD	Certificate of Deposit
CDC	Collective defined contribution
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CVA	Credit Value Adjustment
EBA	European Banking Authority
ECT	Energy, Commodities & Transportation
EU	European Union
FTEs	Full-time equivalents (a measurement of number of staff)
GAAP	General Accepted Accounting Principles
IAS	International Accounting Standards
IMA	Internal Models Approach
IT	Information Technology
LIBOR	London Interbank Offered Rate
NHG	*Nationale Hypotheek Garantie* (Dutch State guaranteed mortgages)
RARORAC	Risk-Adjusted Return on Risk-Adjusted Capital
REA	Risk Exposure Amount
RMBS	Residential Mortgage Backed Securitization
SA	Standardized Approach
SREP	Supervisory Review and Evaluation Process
UCITS	Undertakings for Collective Investment in Transferable Securities (directives)
VaR	Value-at-Risk

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