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NIBC Bank N.V.

(incorporated with limited liability in The Netherlands with its statutory seat in The Hague, and registered in the Commercial Register of the Chamber of Commerce under number 27032036)

€200,000,000 Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities

Issue Price 100 per cent

€200,000,000 Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities (the **Capital Securities**) will be issued by NIBC Bank N.V. (the **Issuer**). The issue price of the Capital Securities is 100 per cent of their Original Principal Amount (as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below). The Capital Securities will constitute unsecured and deeply subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves, as described in Condition 3 (*Status of the Capital Securities*) in "*Terms and Conditions of the Capital Securities*" below.

The Capital Securities will bear interest on their Prevailing Principal Amount (as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below), payable (subject to cancellation as described below) semi-annually in arrear on 15 April and 15 October in each year (each an **Interest Payment Date**), from (and including) 29 September 2017 (the **Issue Date**) to (but excluding) 15 October 2024 (the **First Call Date**) at the fixed rate of 6.00 per cent per annum. The rate of interest will reset on the First Call Date and on each fifth anniversary thereafter (each a **Reset Date**). The Issuer may, in its sole discretion, elect to cancel the payment of interest on the Capital Securities (in whole or in part), and it will be required to cancel the payment of interest, including Additional Amounts thereon, where applicable, on the Capital Securities to the extent that the Distributable Items are, or the Maximum Distributable Amount then applicable to the Issuer or the Group (as the case may be) is, insufficient or at the order of the Competent Authority. As a result, holders of Capital Securities (**Holders**) may not receive interest on any Interest Payment Date. Interest that is cancelled will not be due on any subsequent date, and the non-payment will not constitute a default by the Issuer. See Condition 4 (*Interest and interest cancellation*) in "*Terms and Conditions of the Capital Securities*" below.

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

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

An investment in Capital Securities involves certain risks. Investors should ensure that they understand the nature of the Capital Securities and the extent of their exposure to risks and they should review and consider these risks carefully before purchasing any Capital Securities. In particular, investors should review and consider the risk factors relating to a Principal Write-down and interest cancellation and the impact this may have on their investment. For a discussion of these risks see "Risk Factors" beginning on page 7.

Application has been made (i) to the financial sector and stock exchange regulator in the Grand Duchy of Luxembourg (**Luxembourg**), the Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the **Luxembourg Prospectus Act 2005**) to approve this document as a prospectus and (ii) to the Luxembourg Stock Exchange (Bourse de Luxembourg) (**LxSE**) for the listing of the Capital Securities on the Official List of the LxSE and admission to trading on the LxSE's regulated market (as defined in Directive 2004/39/EC on markets in financial instruments, as amended, the **Markets in Financial Instruments Directive**). This Prospectus will be published on the website of the LxSE, www.bourse.lu. The CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg Prospectus Act 2005.

The Capital Securities will be in bearer form and in denominations of €200,000 and integral multiples of €1,000 in excess thereof up to (and including) €399,000. The Capital Securities will initially be represented by a temporary global capital security (the **Temporary Global Capital Security**), which will be deposited with a common safekeeper for Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and Euroclear Bank SA/NV (**Euroclear**) on the Issue Date. The Temporary Global Capital Security will be exchangeable for interests in a permanent global capital security (the **Permanent Global Capital Security**, together with the Temporary Global Capital Security, the Global Capital Securities) not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Permanent Global Capital Security will be exchangeable for Capital Securities in definitive form (the **Definitive Capital Securities**) in the limited circumstances set out therein, see "*Form of the Capital Securities*" below.

The Capital Securities are expected to be rated B+ by Standard & Poor's Rating Services, a division of The McGraw Hill Companies Inc. (**Standard & Poor's**). Standard & Poor's is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Capital Securities have not been registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, the Capital Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**). See "*Subscription and Sale*" below).

The Capital Securities are not intended to be sold and should not be sold to retail clients in the European Economic Area (EEA), as defined in the PI Rules (as defined below) other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "*Restrictions on marketing and sales to retail investors*" on page 4 of this Prospectus for further information.

The date of this Prospectus is 27 September 2017.

Joint Bookrunners

Citigroup **Deutsche Bank** **Morgan Stanley**

Joint Lead Managers

Citigroup **Deutsche Bank** **Morgan Stanley** **NIBC Bank**

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

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

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

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

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below) and shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

This Prospectus comprises a prospectus for the purposes of article 5(3) of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the **Prospectus Directive**) and for the purposes of the Luxembourg Prospectus Act 2005. This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers (as defined in "*Subscription and Sale*" below) to subscribe or purchase, any of the Capital Securities. The distribution of this Prospectus and the offering of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Capital Securities come are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.

Neither the Issuer nor any of the Managers represent that this Prospectus may be lawfully distributed, or that any Capital Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or any of the Managers which is intended to permit a public offering of any Capital Securities or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Capital Securities may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

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

United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

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

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

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

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

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

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

Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Restrictions on marketing and sales to retail investors

The Capital Securities discussed in this Prospectus are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Capital Securities to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the **FCA**) published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (as amended or replaced from time to time, the **PI Instrument**), which took effect from 1 October 2015. Under the rules set out in the PI Instrument (as amended or replaced from time to time, the **PI Rules**):

(a) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Capital Securities, must not be sold to retail clients in the EEA; and

(b) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

The Managers (and/or their respective affiliates) are required to comply with the PI Rules. By purchasing, or making or accepting an offer to purchase, any Capital Securities (or a beneficial interest in such Capital Securities) from the Issuer and/or the Managers, each prospective investor will be deemed to represent, warrant, agree with, and undertake to the Issuer and each of the Managers that:

(a) it is not a retail client in any jurisdiction of the EEA (as defined in the PI Rules);

(b) whether or not it is subject to the PI Rules, it will not:

    (i) sell or offer the Capital Securities (or any beneficial interest in such securities) to retail clients in any jurisdiction of the EEA; or

    (ii) communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Capital Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in any jurisdiction of the EEA (in each case within the meaning of the PI Rules),

    in any such case other than (i) in relation to any sale of or offer to sell Capital Securities (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale of or offer to sell Capital Securities (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the

Capital Securities (or any beneficial interests therein) and is able to bear the potential losses involved in an investment in the Capital Securities (or any beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC (**MiFID**) to the extent it applies to it or, to the extent the MiFID does not apply to it, in a manner which would be in compliance with the MiFID if it were to apply to it; and

(c) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Capital Securities (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Securities (or any beneficial interests therein) by investors in any relevant jurisdiction.

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

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Capital Securities. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Capital Securities are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Capital Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Capital Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Before making an investment decision with respect to the Capital Securities, 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 Capital Securities and consider such an investment decision in the light of the prospective investor's personal circumstances.

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

Risks relating to the Issuer's business and industry

The Issuer's revenues and earnings are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which it conducts business. The ongoing turbulence and volatility of such factors have affected, and may continue to (adversely) affect, the profitability and solvency of the Issuer

Factors such as interest rates, securities prices, credit spreads, liquidity spreads, exchange rates, consumer spending, changes in client behaviour, business investment, real estate and private equity valuations, government spending, inflation, the volatility and strength of the capital markets, political events and trends, and terrorism all impact the business and economic environment and, ultimately, its solvency, liquidity and the amount and profitability of business the Issuer conducts in a specific geographic region. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments, and lower consumer spending, the demand for banking products is usually adversely affected and the Issuer's reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted, and any such losses would be realised through profit and loss and shareholders' equity. The Issuer also offers a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads. See also "*Interest rate volatility and other interest rate changes may adversely affect*

the Issuer's profitability", "Continued turbulence and volatility in the financial markets and economy generally have affected the Issuer, and may continue to do so", and "Market conditions observed over the past few years may increase the risk of loans being impaired. The Issuer is exposed to declining values on the collateral supporting residential and commercial real estate, as well as shipping and infrastructure lending" below.

In case one or more of the factors mentioned above adversely affects the profitability of the Issuer's business this might also result, among other things, in the following:

- reserve inadequacies which could ultimately be realised through profit and loss and shareholders' equity;
- the write down of tax assets impacting net results;
- impairment expenses related to goodwill and other intangible assets, impacting net results; and/or
- movements in risk weighted assets for the determination of required capital.

Shareholders' equity and the Issuer's net result may be significantly impacted by ongoing turbulence and volatility in the worldwide financial markets and economy generally. Negative developments in financial markets and/or economies may have a material adverse impact on shareholders' equity and net results in future periods, including as a result of the potential consequences listed above. See "*Continued turbulence and volatility in the financial markets and economy generally have affected the Issuer, and may continue to do so*" below.

Adverse capital and credit market conditions may impact the Issuer's ability to access liquidity and capital, as well as the cost of credit and capital

The capital and credit markets have been experiencing ongoing volatility and disruption. Adverse capital market conditions may affect the availability and cost of borrowed funds, thereby impacting the Issuer's ability to support or grow its businesses.

The Issuer needs liquidity in its day-to-day business activities to pay its operating expenses, interest on its debt, dividends on its capital stock, to maintain its repo activities and to replace certain maturing liabilities. Without sufficient liquidity, the Issuer may be forced to curtail its operations and its business may suffer. The principal sources of its funding are client deposits, including from retail clients, and medium- and long-term debt securities. Other sources of funding may also include a variety of short- and long-term instruments, including repurchase agreements, commercial paper, medium- and long-term debt, subordinated debt securities, securitised debt, capital securities and shareholders' equity.

In the event current resources do not satisfy its needs or need to be refinanced, the Issuer may need to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the volume of maturing debt that needs to be refinanced, the overall availability of credit to the financial services industry, the Issuer's credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of its long- or short-term financial prospects. Similarly, the Issuer's access to funds may be limited if regulatory authorities or rating agencies take negative actions against it. If the Issuer's internal sources of liquidity prove to be insufficient, there is a risk that external funding sources might not be available, or available at unfavourable terms.

Disruptions, uncertainty or volatility in the capital and credit markets, such as that experienced over the past few years, including in relation to the ongoing European sovereign debt crisis, may

also limit the Issuer's access to capital required to operate its business. Such market conditions may in the future limit the Issuer's ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory capital requirements. This could force the Issuer to (1) delay raising capital, (2) reduce, cancel or postpone interest payments on its capital securities, (3) issue capital of different types or under different terms than the Issuer would otherwise offer, or (4) incur a higher cost of capital than it would in a more stable market environment. This would have the potential to decrease both the Issuer's profitability and its financial flexibility. The Issuer's results of operations, financial condition, cash flows and regulatory capital position could be materially adversely affected by disruptions in the financial markets.

The Issuer is subject to the jurisdiction of a variety of banking regulatory bodies, some of which have proposed regulatory changes that, if implemented, would hinder its ability to manage its liquidity in a centralised manner. Furthermore, regulatory liquidity requirements in certain jurisdictions in which the Issuer operates are generally becoming more stringent, including those forming part of the "Basel III" requirements, discussed further below under "*The Issuer operates in highly regulated industries. There could be an adverse change or increase in the financial services laws and/or regulations governing its business*", undermining the Issuer's efforts to maintain centralised management of its liquidity. These developments may cause trapped pools of liquidity, resulting in inefficiencies in the cost of managing the Issuer's liquidity.

The default of a major market participant could disrupt the markets

Within the financial services industry the severe distress or default of any one institution (including sovereigns) could lead to defaults or severe distress by other institutions. Such distress or defaults could disrupt securities markets or clearance and settlement systems in the Issuer's markets. This could cause market declines or volatility. Because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships, a failure by one such institution could lead to a chain of defaults that could adversely affect the Issuer and its contract counterparties. Concerns about the creditworthiness of a sovereign or financial institution (or a default by any such entity) could lead to significant liquidity and/or solvency problems, losses or defaults by other institutions. Even the perceived lack of creditworthiness of, or questions about, a sovereign or a counterparty may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as **systemic risk** and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in which the Issuer invests. Systemic risk could have a material adverse effect on the Issuer's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

The Issuer believes that despite increased attention recently, systemic risk to the markets in which it operates continue to exist, and dislocations caused by the interdependency of financial market participants continues to be a potential source of material adverse changes to the Issuer's business, financial condition, results of operations, liquidity and/or prospects.

Because the Issuer's businesses are subject to losses from unforeseeable and/or catastrophic events, which are inherently unpredictable, the Issuer may experience an abrupt interruption of activities, which could have an adverse effect on its financial condition

Because unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, the Issuer's business operations may be subject to losses resulting from such disruptions (as discussed further below under "Operational risks are inherent in the Issuer's business"). Losses can relate to property, financial assets, trading positions, insurance and pension benefits to employees and also to key personnel. If the Issuer's business continuity plans are not able to be put into action or do not take such events into account, the Issuer's financial condition could be adversely affected.

The Issuer operates in highly regulated industries. There could be an adverse change or increase in the financial services laws and/or regulations governing its business

The Issuer is subject to detailed banking, asset management and other financial services laws and government regulation in each of the jurisdictions in which the Issuer conducts business. Regulatory agencies have broad administrative power over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, ethical issues, anti-money laundering, anti-terrorism measures, privacy, record keeping, product and sale suitability, and marketing and sales practices, and the Issuer's own internal governance practices. Banking, and other financial services laws, regulations and policies currently governing the Issuer may also change at any time and in ways which have an adverse effect on its business, and it is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. Also, bank regulators and other supervisory authorities continue to scrutinise the financial services industry and its activities under regulations governing such matters as money-laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures. Regulation is becoming increasingly more extensive and complex and regulators are focusing increased scrutiny on the industries in which the Issuer operates, often requiring additional resources from the Issuer. These regulations can serve to limit the Issuer's activities, including through its net capital, customer protection and market conduct requirements, and restrictions on businesses in which the Issuer can operate or invest. If the Issuer fails to address, or appears to fail to address, appropriately any of these matters, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against the Issuer or subject it to enforcement actions, fines and penalties.

In light of current conditions in the global financial markets and the global economy, regulators have increased their focus on the regulation of the financial services industry. Most of the principal markets where the Issuer conducts its business have adopted, or are currently considering, major legislative and/or regulatory initiatives in response to the financial crisis. Governmental and regulatory authorities in the EU, The Netherlands and elsewhere are implementing measures to increase regulatory control in their respective financial markets and financial services sectors, including in the areas of prudential rules, capital requirements, executive compensation, crisis and contingency management, bank and financial transaction taxes and financial reporting, among others. Additionally, governmental and regulatory authorities in The Netherlands as well as in a multitude of jurisdictions continue to consider new mechanisms to limit the occurrence and/or severity of future economic crises (including proposals to restrict the size of financial institutions operating in their jurisdictions and/or the scope of operations of such institutions).

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, including the Issuer CET1 Ratio and the Group CET1 Ratio. See section "Expected Impact of IFRS 9" in "*Description of the Issuer*".

The Issuer cannot predict whether or when future legislative or regulatory actions may be taken, or what impact, if any, actions taken to date or in the future could have on its business, financial condition, results of operations, capital, liquidity and/or prospects.

Despite the Issuer's efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, there is a risk that the Issuer may fail to meet applicable standards, for example in areas where applicable regulations may be unclear, subject to multiple interpretation or under development or may conflict with one another or where regulators revise their previous guidance or courts overturn previous rulings. Regulators and other authorities have the power to bring administrative or judicial proceedings against the Issuer, which could result, amongst other things, in suspension or revocation of its licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm the Issuer's results of operations and financial condition.

Basel III

In December 2010, the Basel Committee on Banking Supervision (the **Basel Committee**) announced higher global minimum capital standards for banks, and has introduced a new global liquidity standard and a new leverage ratio. The Committee's package of reforms, collectively referred to as **Basel III**, will, among other requirements, increase the amount of common equity required to be held by subject banking institutions, prescribe the amount of liquid assets and the long term funding a subject banking institution must hold at any given moment, and limit leverage. Banks will be required to hold a "capital conservation buffer" to withstand future periods of stress such that the minimum Common Equity Tier 1 (**CET1**) ratio, when fully phased in on 1 January 2019, will rise to 7 per cent. Basel III also introduces a "countercyclical buffer" as an extension of the capital conservation buffer, which permits national regulators to require banks to hold more capital during periods of high credit growth (to strengthen capital reserves and moderate the debt markets). Further, Basel III has strengthened the definition of capital that will have the effect of disqualifying many hybrid securities, potentially including those issued by the Issuer, from inclusion in regulatory capital. Basel III has also partially introduced, with effect from 1 January 2014, higher capital requirements for trading and derivative and securitisation activities.

For European banks these requirements have been implemented through the Capital Requirements Regulation (**CRR**) and Capital Requirement Directive (**CRD IV Directive**, and together with CRR, **CRD IV**). The CRR came into effect on 1 January 2014 and has direct effect in The Netherlands. The CRD IV Directive was implemented in the Dutch Act on financial supervision (*Wet op het financieel toezicht*, the **Wft**), as of 1 August 2014. A number of the requirements introduced under CRD IV will be further supplemented through the Regulatory and Implementing Technical Standards produced by the European Banking

Authority (**EBA**) some of which are not yet finalised. Relevant supervisory authorities may impose additional capital requirements that are more stringent than CRD IV. CRD IV and any additional capital requirements may have a material impact on the Issuer's operations and financial condition and may require the Issuer to seek additional capital.

In addition, at the end of 2014, the Basel Committee published for public consultation revisions to the standardised approaches for credit, operational and market risk, and the introduction of capital floors based on standardised approaches. In December 2015, the Basel Committee published a second consultative document on the standardised approach for credit risk. Of these proposals, the introduction of the standardised credit risk RWA (as defined below) floor would have the most impact on the Issuer. The proposals for the new standardised credit risk risk-weighted assets (**RWA**) calculation rules include (i) introduction of new risk drivers, (ii) introduction of higher risk weights and (iii) reduce mechanistic` reliance on ratings. In addition, the revisions are likely to require that banks which apply advanced approaches to risk categories, apply the higher of (i) the RWA floor based on (new) standardised approaches and (ii) the RWA floor based on advanced approaches in the denominator of their ratios. Although timing for adoption, content and impact of these proposals remain subject to considerable uncertainty, the implementation of the standardised RWA floors could have a negative impact on the calculation of the Issuer's parent company and its consolidated subsidiaries' (including the Issuer) risk weighted assets due to the difference in RWA calculated on the basis of advanced approaches. In April 2016, the Basel Committee issued a consultative document on the revision to the Basel III leverage ratio framework, including proposals for revisions in respect of the measurement of derivative positions, the treatment of provisions and the credit conversion factors for off-balance sheet items. Should these proposals become effective the Issuer may be required to hold additional regulatory capital, which may have a negative effect on its business.

On 23 November 2016, the European Commission announced a further package of reforms to CRD IV, including measures to increase the resilience of EU institutions and enhance financial stability, potentially resulting in changes to pillar 2 regulatory capital framework, a binding leveraged ratio of 3%, the introduction of a binding minimum net stable funding ratio of 100% and the implementation of the Basel committee’s fundamental review of the trading book (FRTB) into law (the **EU Banking Reform Proposals**). The timing for the final implementation and the final impact of these reforms as at the date of this Prospectus is unclear. These proposals may have a material impact on the Issuer's operations and financial condition, including that the Issuer may be required to obtain additional capital.

Dutch Intervention Act

Under the Dutch Intervention Act, which entered into force on 13 June 2012, the Dutch Minister of Finance is granted substantial powers to deal with a relevant entity and financial enterprises (which also includes collective investment schemes, investment firms, custodians of pension funds), respectively.

The powers of the Dutch Minister of Finance include taking measures intended to safeguard the stability of the financial system as a whole. The Dutch Minister of Finance may with immediate effect take these measures, which include an expropriation of assets or securities issued by or with the consent of a financial enterprise or its parent, in each case if it has its corporate seat in The Netherlands. The Dutch Minister of Finance may also suspend voting rights of board members. In taking these measures, provisions in Dutch statute and articles of association may be set aside. The Wft further provides that acceleration, early termination and other contractual rights, to the extent they are triggered by the preparation or implementation of the measures introduced by the Dutch Intervention Act, cannot be exercised against relevant entities provided

the Issuer continues to meet its primary obligations under the relevant agreement, instruments or other documents.

Exercise of the foregoing powers could involve taking various actions in relation to the Issuer or any securities issued by the Issuer (including the Capital Securities) without the consent of the Holders in the context of which any termination or acceleration rights may be disregarded. There can be no assurance that the taking of any such actions would not adversely affect the rights of Holders, the price or value of their investment in the Capital Securities and/or the ability of the Issuer to satisfy its obligations under the Capital Securities. In such circumstances, Holders may have a claim for compensation (which claim may be negatively impacted by the Dutch Intervention Act), but there can be no assurance that Holders would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Prospectus, the Issuer has not received any notice of any measure being taken in respect of it and there has been no indication that any event may occur. However, there can be no assurance that this will not change and/or that Holders will not be adversely affected by any event if it does occur.

BRRD and SRM

To complement the CRD IV, on 2 July 2014 the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (known as the Bank Recovery and Resolution Directive or **BRRD**) entered into force. The BRRD is designed to provide authorities with a harmonised set of tools and powers to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. The BRRD (including the bail-in provisions) have been implemented in the Wft with effect from 26 November 2015.

The measures set forth in the BRRD are available to regulators in cases where an institution does not meet or is likely to not meet the requirements of CRD IV or in the event that there is a material deterioration in an institution's financial position. The BRRD gives regulators powers to impose early intervention measures on an institution or to write down an institution's debt or to convert such debt into equity to allow an institution to continue as a going concern subject to appropriate restructuring. Directions on when and whether the intervention measures in the BRRD can be considered and applied are set forth in the Guidelines on triggers for use of early intervention measures pursuant to Article 27(4) of the BRRD published on 8 May 2015 by the EBA (the **Guidelines**).

It is possible that pursuant to the BRRD or other resolution or recovery rules which may in the future be applicable to the Issuer (including, but not limited to, CRD IV), new powers may be granted by way of statute to the Dutch Central Bank (*De Nederlandsche Bank N.V.*, **DNB**) and/or any other relevant authority which could be used in such a way as to result in debt, including the Capital Securities, absorbing losses.

Closely coupled with the BRRD is the European single resolution mechanism (the **SRM**) established by the regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms (the **SRM Regulation**). The SRM applies as of 1 January 2015 to all banks that are subject to the SSM (as defined below), and the SSM applies to all banks in the Eurozone and in certain other participating member states and establishes the European Central Bank (the **ECB**) as the single bank supervisory authority. As a result, the SRM will apply to the Issuer as the primary recovery and resolution code.

See the information set out in "*Supervision and Regulation*" under the paragraph "*BRRD and SRM*".

The powers provided to resolution authorities in the BRRD and SRM include write down and conversion powers to ensure relevant capital instruments (including the Capital Securities) fully absorb losses at the point of non-viability of the Issuer or its group, as well as a bail-in tool comprising a more general power for resolution authorities to write down the claims of unsecured creditors (including holders of senior debt instruments) of a failing institution and/or to convert unsecured debt claims to equity if the conditions for resolution are met.

In addition, the BRRD and SRM provide resolution authorities with broader powers to implement other resolution measures with respect to distressed banks which satisfy the conditions for resolution, which may include (without limitation) the following resolution tool (i) the sale of the business tool, allowing resolution authorities to effect a sale and transfer of the shares in the bank or all or any assets, rights or liabilities of the bank on commercial terms, (ii) the bridge institution tool – with a bridge institution being an institution which is wholly or partially owned by one or more public authorities and controlled by the resolution authority – allowing the resolution authority to effect a transfer of the shares in the bank or all or any assets, rights or liabilities of the bank to a bridge institution and (iii) the asset separation tool, allowing the resolution authority to effect a separation of the performing assets from the impaired or under-performing assets of the bank, and the following ancillary powers (a) the replacement or substitution of the bank as obligor in respect of debt instruments, (b) 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 (c) discontinuing the listing and admission to trading of financial instruments.

See further the risk factor "*Holder may lose all of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*".

The use of one or more of these tools will be included in a resolution plan to be adopted by the relevant authority.

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

The Issuer is unable to predict what effects, if any, the BRRD and SRM Regulation may have on the financial system generally, the Issuer's counterparties, the Issuer, any of its consolidated subsidiaries, its operations and/or its financial position.

As part of the EU Banking Reform Proposals, the European Commission announced a further package of reforms to the BRRD and the SRM Regulation, including measures to increase the resilience of EU institutions and enhance financial stability. The timing for the final implementation and the final impact of these reforms as at the date of this Prospectus is unclear. These proposals may have a material impact on the Issuer's operations and financial condition, including that the Issuer may be required to obtain additional capital.

Resolution Fund

The SRM provides for a single resolution fund (**SRF**) that will replace the national resolution funds set up (or to be set up) as a result of the implementation of the BRRD for banks in the SSM (as defined below). The SRF will be financed by ex-ante individual contributions from banks, such as the Issuer. For the SRF these contributions will be calculated on the basis of each bank's liabilities compared (excluding own funds and covered deposits), and adjusted for risk. The SRF will be built up over a period of eight years to reach the target level of at least 1 per cent. of the amount of all covered deposits of the bank authorised in all member states participating in the SRM. The ultimate costs to the industry of payments under the SRF may be significant and these and the associated costs to the Issuer may have a material adverse effect on its results of operations and financial condition.

The minimum requirement for own funds and eligible liabilities under BRRD and SRM Regulation

Pursuant to the BRRD and the SRM Regulation, banks such as the Issuer must meet, at all times, a minimum requirement for own funds (including CET1, Additional Tier 1 or Tier 2 instruments) and eligible liabilities (**MREL**). The minimum requirement shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the bank.

On 23 May 2016, the European Commission adopted the regulatory technical standards (**RTS**) on the criteria for determining the MREL under the BRRD (the **MREL RTS**). The MREL requirement applies to all credit institutions. In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD and the SRM Regulation, it is required that all institutions meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities. The RTS do not set a minimum EU-wide level of MREL. 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 and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Items eligible for inclusion in MREL will include an institution's own funds (within the meaning of CRD IV), along with "eligible liabilities" (meaning, *inter alia*, liabilities which are issued and fully paid up and 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).

The MREL requirement came into force on 1 January 2016. However, given the impact that the MREL requirement has on the funding structure of banks such as the Issuer, the MREL RTS specifies that resolution authorities may determine an appropriate transitional period to reach the final MREL required in accordance with the MREL RTS, and which should in any case be as short as possible. Any transitional period applied in respect of the Issuer may be subsequently revised.

As part of the EU Banking Reform Proposals, the European Commission proposes to align the MREL requirement under the BRRD and the SRM Regulation with the Financial Stability Board's (**FSB**) standards on total loss-absorbing capacity of global systemically important banks in resolution of 9 November 2015 (the **TLAC Standards**). Although the Issuer is not a global systemically important bank, the European Commission proposes to make certain changes to the MREL requirements applicable to non-global systemically important banks, including (without limitation) the eligibility of liabilities for MREL, to maintain coherence between the TLAC/MREL requirements applicable to global systemically important bank and other banks

(the **TLAC/MREL Requirements**). Furthermore, the European Commission, in the context of these reforms, also proposes to harmonise the priority ranking of unsecured debt instruments under national insolvency proceedings, which includes the introduction of a new statutory category of unsecured debt available in all EU Member States which would rank just below the most senior debt and other senior liabilities for the purposes of resolution, while still being part of the senior unsecured debt category (so called 'senior non-preferred debt').

In addition, on 14 December 2016, the EBA submitted a final report on the implementation and design of the MREL framework which contains a number of recommendations to amend the current MREL framework, including but not limited to the change of the reference base of MREL from total liabilities and own funds to risk weighted assets and steps towards further convergence of the MREL requirement towards the TLAC Standards.

The Issuer may have difficulties raising MREL, which would have a material adverse effect on the Issuer's business, financial position and results. Moreover, in addition to the proposed amendments described above, the MREL framework may be subject to further changes over the coming years. At this point in time, it is not possible for the Issuer to assess the impact which these changes will have on the Issuer once implemented. As a result of these changes, the Issuer may have to raise additional MREL.

The MREL requirements (including any (further) changes thereto) and the Issuer's perceived or actual difficulties in complying therewith may negatively affect the market value of the Capital Securities.

The Financial Stability Board

In addition to the adoption of the laws, regulations and other measures described above, regulators and lawmakers around the world are actively reviewing the causes of the financial crisis and exploring steps to avoid similar problems in the future. In many respects, this work is being led by the FSB, consisting of representatives of national financial authorities of the G20 nations. The G20 and the FSB have issued a series of papers and recommendations intended to produce significant changes in how financial companies, particularly companies that are members of large and complex financial groups, should be regulated. These proposals address such issues as financial group supervision, capital and solvency standards, systemic economic risk, corporate governance including executive compensation, and a host of related issues associated with responses to the financial crisis. The lawmakers and regulatory authorities in a number of jurisdictions in which the Issuer conducts business have already begun introducing legislative and regulatory changes consistent with G20 and FSB recommendations, including proposals governing executive compensation by the financial regulators in The Netherlands (DNB), Germany (The Federal Financial Supervisory Authority) and the United Kingdom (The Financial Conduct Authority).

Continued turbulence and volatility in the financial markets and economy generally have affected the Issuer, and may continue to do so

General

The Issuer's results of operations are impacted by conditions in the global capital markets and the economy generally. Concerns over the slow economic recovery, the European sovereign debt crisis, the ability of certain countries to remain in the Eurozone, unemployment, the availability and cost of credit, inflation levels, energy costs and geopolitical issues all have contributed to increased volatility and diminished expectations for the economy and the markets in recent years.

These conditions have generally resulted in greater volatility, widening of credit spreads and overall shortage of liquidity and tightening of financial markets throughout the world. In addition, prices for many types of asset-backed securities and other structured products have significantly deteriorated. These concerns have since expanded to include a broad range of fixed income securities, including those rated investment grade and especially the sovereign debt of some EEA countries and the United States, the international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes, such as public and private equity, and real estate sectors. Although certain of such conditions have improved in recent years, as a result of these and other factors, sovereign governments across the globe, including in regions where the Issuer operates, have also experienced budgetary and other financial difficulties, which have resulted in austerity measures, downgrades in credit ratings by credit agencies, planned or implemented bail-out measures and, on occasion, civil unrest (for further details regarding sovereign debt concerns, see "*European Sovereign Debt Crisis*" below). As a result, the market for fixed income instruments has experienced decreased liquidity, increased price volatility, credit downgrade events, and increased probability of default. These and other factors have resulted in volatile foreign exchange markets. Securities that are less liquid are more difficult to value and may be hard to dispose of. International equity markets have also been experiencing heightened volatility and turmoil, with issuers that have exposure to the real estate, mortgage, private equity and credit markets particularly affected. These events and market upheavals, including extreme levels of volatility, have had and may continue to have an adverse effect on the Issuer's revenues and results of operations.

Reduced consumer confidence could have an adverse effect on the Issuer's revenues and results of operations, including through an increase of lapses or surrenders of policies and withdrawal of client deposits that the Issuer has among other things originated via internet banking.

In many cases, the markets for investments and instruments have been and remain highly illiquid, and issues relating to counterparty credit ratings and other factors have exacerbated pricing and valuation uncertainties. Valuation of such investments and instruments is a complex process involving the consideration of market transactions, pricing models, management judgment and other factors, and is also impacted by external factors such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. The Issuer continues to monitor its exposures, however there can be no assurances that it will not experience further negative impacts to its shareholders' equity or profit and loss accounts in future periods.

European Sovereign Debt Crisis

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these EU "peripheral" states to continue to service their sovereign debt obligations. Significant concerns regarding the sovereign debt of these countries, as well as certain other countries, of the 'core' European Union member states are ongoing and in some cases have required countries to obtain emergency financing. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. If these or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Despite the creation of a joint EU-IMF European Financial Stability Facility in May 2010, assistance packages to Greece, Ireland and Portugal, the approval of a further bailout of Greece by the relevant government and monetary bodies of the Eurozone and the International Monetary Fund in March 2012, and the establishment of the European Stability Mechanism on 27 September 2012 (which provided its first financial assistance in February 2013 for the recapitalisation of Spain's

banking sector) uncertainty over the outcome of the EU governments' financial support programmes and worries about sovereign finances persisted. Market concerns over the direct and indirect exposure of European banks and insurers to the EU sovereign debt further resulted in a widening of credit spreads and increased costs of funding for some European financial institutions. In December 2011, European leaders agreed to implement steps (and continue to meet regularly to review, amend and supplement such steps) to encourage greater long term fiscal responsibility on the part of the individual member states and bolster market confidence in the Euro and European sovereign debt; and the Treaty on Stability, Coordination and Governance (the **Fiscal Treaty**) was signed by 25 EU member states on 2 March 2012 and entered into force on 1 January 2014 and was ratified by and entered into force for all signatory Member States in April 2014. However, the implementation of the Fiscal Treaty into national law and EU treaties and remains uncertain and is likely to take many years, and even if the Fiscal Treaty is implemented, there is no guarantee that it will ultimately and finally resolve uncertainties regarding the ability of Eurozone states to continue to service their sovereign debt obligations. Further, even if such long term structural adjustments contemplated by the Fiscal Treaty are ultimately implemented, the future of the Euro in its current form, and with its current membership, remains uncertain. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability.

Risks and ongoing concerns about the debt crisis in Europe, as well as the possible default by, or exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies, could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these European countries and the financial condition of European and other financial institutions, including the Issuer. Additionally, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains elevated. In the event of any default or similar event with respect to a sovereign issuer, some financial institutions may suffer significant losses for which they would require additional capital, which may not be available. Market and economic disruptions stemming from the crisis in Europe have affected, and may continue to affect, consumer confidence levels and spending, bankruptcy rates, levels of incurrence of and default on consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain government and financial institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere. To the extent uncertainty regarding the economic recovery continues to negatively impact consumer confidence and consumer credit factors, the Issuer's business and results of operations could be significantly and adversely impacted. In addition, the possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies could create significant uncertainties regarding the enforceability and valuation of Euro denominated contracts to which the Issuer (or its counterparties) are a party and thereby materially and adversely affect the Issuer and/or its counterparties' liquidity, financial condition and operations. Such uncertainties may include the risk that (i) an obligation that was expected to be paid in Euros is redenominated into a new currency (which may not be easily converted into other currencies without significant cost), (ii) currencies in some European Union member states may devalue relative to others, (iii) former Eurozone member states may impose capital controls that would make it complicated or illegal to move capital out of such countries, and/or (iv) some courts (in particular, courts in countries that have left the Eurozone) may not recognise and/or enforce claims denominated in Euros (and/or in any replacement currency). The possible exit from the Eurozone of one or more European states and/or the replacement of the Euro by one or more successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate, and otherwise have potentially materially adverse impacts on the Issuer and its counterparties,

including its depositors, lenders, borrowers and other customers. These factors, combined with volatile oil prices, reduced business and consumer confidence and continued high unemployment, have negatively affected the economy of The Netherlands and other countries where the Issuer conducts business.

Because the Issuer operates in highly competitive markets, including its home market, it may not be able to increase or maintain its market share, which may have an adverse effect on its results of operations

There is substantial competition in The Netherlands and the other countries in which the Issuer does business for the types of Corporate Banking, Consumer Banking and other products and services it provides. Customer loyalty and retention can be influenced by a number of factors, including relative service levels, the prices and attributes of products and services and actions taken by competitors. If the Issuer is not able to match or compete with the products and services offered by the Issuer's competitors, it could adversely impact its ability to maintain or further increase its market share, which would adversely affect its results of operations. Competition could also increase due to new entrants in the markets that may have new operating models that are not burdened by potentially costly legacy operations. Increasing competition in these or any of its other markets may significantly impact its results if the Issuer is unable to match the products and services offered by its competitors. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in the Issuer's competitors gaining greater access to capital and liquidity, expanding their ranges of products and services, or gaining geographic diversity.

The Issuer may experience pricing pressures as a result of these factors in the event that some of its competitors seek to increase market share by reducing prices.

Operational risks are inherent in the Issuer's business

The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequately trained or skilled personnel, IT failures, inadequate or failed internal control processes and systems, regulatory breaches, human errors, employee misconduct including fraud or from external events that interrupt normal business operations. The Issuer depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in the Issuer's computer systems and networks may be at or near the end of their useful lives or may not be capable of processing, storing or transmitting information as expected. Certain of the Issuer's computer systems and networks may also have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, such systems and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact and jeopardise the Issuer's confidential information or that of its clients or its counterparts. These events can potentially result in financial loss, harm to the Issuer's reputation and hinder its operational effectiveness. The Issuer also faces the risk that the design and operating effectiveness of its controls and procedures prove to be inadequate or are circumvented. Furthermore, widespread outbreaks of communicable diseases may impact the health of the Issuer's employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact its business. Unforeseeable and/or catastrophic events can lead to an abrupt interruption of activities, and the Issuer's operations may be subject to losses resulting from such disruptions. Losses can result from destruction or impairment of property, financial assets, trading positions, the payment of insurance and pension benefits to employees and the loss of key personnel. If the Issuer's business continuity

plans are not able to be implemented or do not take such events into account, losses may increase further.

The Issuer has suffered losses from operational risk in the past and there can be no assurance that it will not suffer material losses from operational risk in the future.

Because the Issuer does business with many counterparties, the inability of these counterparties to meet their financial obligations could have a material adverse effect on its results of operations

Third-parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include the issuers and guarantors (including sovereigns) of securities the Issuer holds, borrowers under loans originated, customers, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Severe distress or defaults by one or more of these parties on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, etc., or even rumours about potential severe distress or defaults by one or more of these parties or regarding the financial services industry generally, could lead to losses for the Issuer, and defaults by other institutions. In light of experiences with significant constraints on liquidity and high cost of funds in the interbank lending market, and given the high level of interdependence between financial institutions, the Issuer is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of sovereigns and other financial services institutions.

The Issuer routinely executes a high volume of transactions with counterparties in the financial services industry, resulting in large daily settlement amounts and significant credit and counterparty exposure. As a result, the Issuer faces concentration risk with respect to specific counterparties and customers. The Issuer is exposed to increased counterparty risk as a result of recent financial institution failures and weakness and will continue to be exposed to the risk of loss if counterparty financial institutions fail or are otherwise unable to meet their obligations. A default by, or even concerns about the creditworthiness of, one or more financial services institutions could therefore lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions.

In addition, the Issuer is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations the Issuer holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of the Issuer's counterparties could also have a negative impact on its income and risk weighting, leading to increased capital requirements.

While in many cases the Issuer is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral it is entitled to receive and the value of pledged assets. The Issuer's credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to the Issuer, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the recent financial crisis. The termination of contracts and the foreclosure on collateral may subject the Issuer to claims for the improper exercise of its rights under such contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

Any of these developments or losses could materially and adversely affect the Issuer's business, financial condition, results of operations, liquidity and/or prospects.

Market conditions observed over the past few years may increase the risk of loans being impaired. The Issuer is exposed to declining values on the collateral supporting residential and commercial real estate, as well as shipping and infrastructure lending

The Issuer is exposed to the risk that its borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. 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. This may lead to impairment charges on loans and other assets, higher costs and additions to loan loss provisions. A significant increase in the size of the Issuer's provision for loan losses could have a material adverse effect on its financial position and results of operations.

Economic and other factors could lead to further contraction in the residential mortgage, commercial, shipping and infrastructure lending market (including, without limitation, SME lending) and to further decreases in residential and commercial property prices and in shipping and infrastructure asset prices which could generate substantial increases in impairment losses.

Interest rate volatility and other interest rate changes may adversely affect the Issuer's profitability

Changes in prevailing interest rates may negatively affect the Issuer's business including the level of net interest revenue the Issuer earns, and for its banking business the levels of deposits and the demand for loans. In a period of changing interest rates, interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. Changes in the interest rates may negatively affect the value of the Issuer's assets and its ability to realise gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings.

Declining interest rates may result in:

- lower investment earnings because the interest earnings on the Issuer's fixed income investments could decline in parallel with market interest rates on its assets; and
- lower profitability since the Issuer may not be able to fully track the decline in interest rates in its savings rate.

The Issuer may incur losses due to failures of banks falling under the scope of state compensation schemes.

Risk associated with Compensation Schemes

In The Netherlands and other jurisdictions deposit guarantee schemes and similar funds (**Compensation Schemes**) have been implemented and a euro-area wide deposit insurance scheme for bank deposits was proposed by the European Commission on 24 November 2015. It is not yet clear whether and if so, when this will come into effect. Pursuant to such schemes compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions these Compensation Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. As a result of the increased number of bank failures, in particular since the fall of 2008, the Issuer expects that levies in the industry will continue to rise as a result of the Compensation Schemes. In

particular, the Issuer is a participant in the Dutch Deposit Guarantee Scheme (*Depositogarantiestelsel*), (the **Deposit Guarantee Scheme**), which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by DNB, based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Scheme. The ultimate costs to the industry of payments which may become due under the Compensation Schemes, remains uncertain although they may be significant and these and the associated costs to the Issuer may have a material adverse effect on its results of operations and financial condition. The costs associated with the euro-area wide deposit insurance scheme are today unknown and may be significant.

On 16 April 2014, the (recast) EU Directive on deposit guarantee schemes (2014/49/EU) (the **DGS Directive**) was adopted. Pursuant thereto, the Deposit Guarantee Scheme changes from an ex-post scheme, where the Issuer contributes after the failure of a firm, to an ex-ante scheme where the Issuer and other financial institutions will pay risk-weighted contributions into a fund to cover future drawings under the Deposit Guarantee Scheme. The fund is expected to grow to a target size of 0.8 per cent. of all deposits guaranteed under the Dutch Deposit Guarantee Scheme. The target size should be reached by 3 July 2024. The costs associated with potential future ex-ante contributions are today unknown, and will depend on the methodology used to calculate risk-weighting, but may be significant. The DGS Directive has been implemented in a decree by the Dutch Minister of Finance on 26 November 2015.

The Issuer may be unable to manage its risks successfully through derivatives

The Issuer employs various economic hedging strategies with the objective of mitigating the market risks that are inherent in its business and operations. These risks include currency fluctuations, changes in the fair value of its investments, the impact of interest rates, equity markets, credit spread changes and the occurrence of credit defaults. The Issuer seeks to control these risks by, among other things, entering into a number of derivative instruments, such as swaps, options, futures and forward contracts including from time to time macro hedges for parts of its business, either directly as a counterparty or as a credit support provider to affiliate parties.

Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate the Issuer from risks associated with those fluctuations. The Issuer's hedging strategies also rely on assumptions and projections regarding its assets, liabilities, general market factors and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, the Issuer's hedging activities may not have the desired beneficial impact on its results of operations or financial condition. Poorly designed strategies or improperly executed transactions could actually increase its risks and losses. Hedging instruments used by the Issuer to manage product and other risks might not perform as intended or expected, which could result in higher (un)realised losses such as credit value adjustment risks or unexpected profit and loss effects, and unanticipated cash needs to collateralise or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralised. As such, the Issuer's hedging strategies involve transaction costs and other costs, and if the Issuer terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. It is possible that there will be periods in the future, during which the Issuer has incurred or may incur losses on transactions, perhaps significant, after taking into account the Issuer's hedging strategies. Further, the nature and

timing of the Issuer's hedging transactions could actually increase its risk and losses. The Issuer's hedging strategies and the derivatives that the Issuer uses and may use, may not adequately mitigate or offset the risk of interest rate volatility and its hedging transactions may result in losses.

The Issuer's hedging strategy additionally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions (whether due to the ongoing Euro crisis or otherwise), and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of the Issuer may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with it and/or other parties, affecting the Issuer's overall ability to hedge its risks and adversely affecting its business, financial condition, results of operations, liquidity and/or prospects.

The Issuer may be unable to retain key personnel

As a financial services enterprise with a decentralised management structure, the Issuer relies to a considerable extent on the quality of local management in the various countries in which the Issuer operates. The success of the Issuer's operations is dependent, among other things, on the Issuer's ability to attract and retain highly qualified professional personnel. The Issuer's ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent.

As a part of the responses of the European Commission and governments throughout Europe to the financial crisis in 2008, there have been and will be various legislative initiatives, including those set out in CRD IV, the Guidelines on Remuneration Policies and Practices published by the predecessor of the EBA, the Regulation of the Dutch Central Bank on Sound Remuneration Policies (*Regeling beheerst beloningsbeleid Wft 2014*), the act prohibiting the payment of variable remuneration to board members and day-to-day policy makers of financial institutions that receive state aid (*Wet bonusverbod staatsgesteunde ondernemingen*) and the Dutch Act on remuneration policy for financial enterprises (*Wet beloningsbeleid financiële ondernemingen*). There have also been legislative initiatives to ensure that financial institutions' remuneration policies and practices are consistent with and promote sound and effective risk management and initiatives that impose restrictions on the remuneration of personnel, in particular senior management, with a focus on risk alignment of performance-related remuneration. These restrictions have had and will have an impact on the Issuer's existing remuneration policies and individual remuneration packages of personnel.

These restrictions, alone or in combination with the other factors described above, could adversely affect the Issuer's ability to retain or attract qualified employees.

The Issuer's risk management policies and guidelines may prove inadequate for the risks it faces

The Issuer has developed risk management policies and procedures and the Issuer expects to continue to do so in the future. Nonetheless, the Issuer's policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times. The methods the Issuer uses to manage, estimate and measure risk are partly based on historic market behaviour. The methods may, therefore, prove to be inadequate for predicting future risk exposure, which may be significantly greater than what is suggested by historic experience. For instance, these methods may not adequately allow prediction of circumstances arising due to the government interventions, stimulus and/or austerity packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of

information regarding markets, customers or other information that is publicly known or otherwise available to the Issuer. Such information may not always be correct, updated or correctly evaluated.

Because the Issuer is continuously developing new financial products and entering into financial transactions, it might be faced with claims that could have an adverse effect on its operations and net result if clients' expectations are not met

When new financial products are brought to the market, although communication and marketing aims to present a balanced view of the product, there is a focus on potential advantages for the customers. Whilst the Issuer engages in a due diligence process when it develops financial products and enters into financial transactions, if such products or transactions do not generate the expected profit for the Issuer's clients, or result in a loss, or otherwise do not meet expectations, customers may file mis-selling claims against the Issuer. Mis-selling claims are claims from customers who allege that they have received misleading advice or other information from either the Issuer or internal or external advisors (even though the Issuer does not always have full control over external advisors). Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care has not been complied with. While a considerable amount of time and money has been invested in reviewing and assessing historic sales and "know your customer" practices and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and/or regulatory changes resulting from such issues could have a material adverse effect on the Issuer's reputation, operations and net results.

Customer protection regulations as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices might influence client expectations.

Ratings are important to the Issuer's business for a number of reasons. Downgrades could have an adverse impact on its operations and net results

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The Issuer's credit ratings are important to its ability to raise capital through the issuance of debt and to the cost of such financing. In the event of a downgrade the cost of issuing debt will increase, having an adverse effect on net results. Certain institutional investors may also be obliged to withdraw their deposits from the Issuer following a downgrade, which could have an adverse effect on its liquidity. The Issuer has credit ratings from Standard & Poor's and Fitch Ratings Limited (**Fitch**) which reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time. In addition, other rating agencies may seek to rate the Issuer or the Capital Securities on an unsolicited basis and if such unsolicited ratings are lower than comparable ratings granted, such unsolicited ratings could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity and may negatively affect the market value of the Capital Securities. The decision to withdraw a rating or continue with an unsolicited rating remains with the relevant rating agency.

Furthermore, the Issuer's assets are risk weighted. Downgrades of these assets could result in a higher risk weighting which may result in higher capital requirements. This may impact net earnings and the return on capital, and may have an adverse impact on the Issuer's competitive position.

As rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. It is possible that the outcome of any such review of the Issuer would have additional adverse ratings consequences, which could have a material adverse effect on the Issuer's results of operations, financial condition and liquidity. The Issuer may need to take actions in response to changing standards set by any of the rating agencies which could cause its business and operations to suffer. The Issuer cannot predict what additional actions rating agencies may take, or what actions the Issuer may take in response to the actions of rating agencies. A downgrade of the Issuer could result in a downgrade of the Capital Securities.

The Issuer's business may be negatively affected by a sustained increase in inflation

A sustained increase in the inflation rate in the Issuer's principal markets would have multiple impacts on the Issuer and may negatively affect its business, solvency position and results of operations. For example, a sustained increase in the inflation rate may result in an increase in market interest rates which may:

(1) decrease the estimated fair value of certain fixed income securities the Issuer holds in its investment portfolios resulting in:

- reduced levels of unrealised capital gains available to it which could negatively impact its solvency position and net income; and/or
- a decrease of collateral values; and/or

(2) require the Issuer, as an issuer of securities, to pay higher interest rates on debt securities it issues in the financial markets from time to time to finance its operations which would increase its interest expenses and reduce its results of operations.

A significant and sustained increase in inflation has historically also been associated with decreased prices for equity securities and sluggish performance of equity markets generally. A sustained decline in equity markets may:

(1) result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to it which would reduce its net income and negatively impact its solvency position; and/or

(2) negatively impact the ability of the Issuer's asset management activities to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations.

The Issuer's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to such business, other well-known companies or the financial services industry in general

Adverse publicity and damage to the Issuer's reputation may arise from its failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities involving other large and well-known companies, increasing regulatory and law enforcement scrutiny of "know your customer", anti-money laundering, prohibited transactions with countries subject to sanctions, anti-bribery or other anti-corruption measures and anti-terrorist-financing procedures and their effectiveness. In addition, the above factors as well as regulatory investigations of the financial services industry and litigation that arises from the failure or

perceived failure by the Issuer to comply with legal, regulatory and compliance requirements, could also result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect the Issuer's ability to attract and retain customers, reduce access to the capital markets, result in cease and desist orders, suits, enforcement actions, fines, civil and criminal penalties, other disciplinary action or have other material adverse effects on the Issuer in ways that are not predictable.

The above factors may have an adverse effect on the Issuer's financial condition and/or results of operations.

Risks related to the Capital Securities

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

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

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

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for payments in respect of the Capital Securities is different from the potential investor's currency and including the possibility that the entire principal amount of the Capital Securities could be lost;

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

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

The Capital Securities are complex financial instruments making it difficult to compare them with other similar financial instruments due to a lack of fully harmonised structures, trigger points and loss absorption. A potential investor should not invest in the Capital Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, the likelihood of a Principal Write-down, reaching the point of non-viability or cancellation of coupons (as discussed below in the risk factors "*A Holder may lose all of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs", "The principal amount of the Capital Securities may be reduced (Written Down) to absorb losses"* and "*The Issuer may decide not to pay interest on the Capital Securities or be*

required not to pay such interest"), the resulting effects on the value of the Capital Securities, and the impact of this investment on the potential investor's overall investment portfolio. These risks may be difficult to evaluate given their discretionary or unknown nature.

The Capital Securities constitute deeply subordinated obligations

The Capital Securities constitute unsecured and deeply subordinated obligations of the Issuer and will rank, subject to any rights or claims which are mandatorily preferred by law, (i) *pari passu* without any preference among themselves and with all other present and future Parity Obligations of the Issuer (including any other series of Additional Tier 1 instruments) and (ii) junior to the rights and claims of creditors in respect of all present and future Senior Obligations. As a result, in the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium (as defined in Condition 3 (*Status of the Capital Securities*)) with respect to the Issuer, any claims of the Holders against the Issuer will be 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 Capital Securities), (b) all unsubordinated rights and claims with respect to the repayment of borrowed money, (c) any other unsubordinated rights and claims and (d) all subordinated rights and claims (including with respect to any Tier 2 instruments) other than (i) Parity Obligations and (ii) Junior Obligations.

Before the occurrence of any event referred to above, holders of the Capital Securities may already have lost the whole or part of their investment in the Capital Securities as a result of a write-down of the principal amount of the Capital Securities following a Trigger Event and/or Statutory Loss Absorption (see the risk factors "*The principal amount of the Capital Securities may be reduced (Written Down) to absorb losses" and "A Holder may lose all of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*" below). In the event of liquidation or bankruptcy of the Issuer or in the event of a Moratorium with respect to the Issuer, payment of any remaining principal amount not so written down to a Holder will, by virtue of such subordination, only be made after all obligations of the Issuer resulting from higher-ranking deposits, unsubordinated claims with respect to the repayment of borrowed money, other unsubordinated rights and claims and higher ranking subordinated claims have been satisfied in full. If any such event occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due and payable under the Capital Securities. Furthermore, any right of set-off of any Holder at any time in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities shall be excluded. A Holder may therefore recover less than the holders of deposit liabilities or the holders of unsubordinated or prior ranking subordinated liabilities of the Issuer.

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

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

The Terms and Conditions of the Capital Securities do not limit the amount of liabilities ranking senior or *pari passu* in priority of payment to the Capital Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the Capital Securities nor do they restrict the Issuer in issuing Additional Tier 1 instruments with other write-down mechanisms or trigger levels or that convert into shares upon a trigger event. The Issuer may be able to incur significant additional secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness. If the Issuer becomes insolvent or

is liquidated, or if payment under any secured or unsecured unsubordinated and/or prior-ranking subordinated debt obligations is accelerated, the Issuer's secured or unsecured unsubordinated or, as the case may be, prior-ranking subordinated lenders would be entitled to exercise the remedies available to a secured or unsecured unsubordinated and/or prior-ranking subordinated lender before the Holders.

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

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

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

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

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

The Issuer may at any time elect, in its sole and absolute discretion, to cancel the payment of any interest in whole or in part at any time that it deems necessary or desirable and for any reason and without any restriction on the Issuer thereafter. The Issuer will be required to cancel the payment of all or some of the interest payments otherwise falling due on the Capital Securities in circumstances where the relevant interest payment would either cause the Distributable Items or, if certain capital buffers are not maintained and when aggregated together with other distributions of the kind referred to in article 3:62b Wft implementing article 141 CRD IV Directive, the relevant Maximum Distributable Amount to be exceeded, as described in Condition 4.2(b) (*Mandatory cancellation of interest*). Also, the Competent Authority may order the Issuer to cancel interest payments.

Distributable Items relate to the Issuer's profits and distributable reserves determined on the basis of the Issuer's non-consolidated accounts as further described in Condition 4.2(b) (*Mandatory cancellation of interest*). The amount of Distributable Items available to pay interest on the Capital Securities may be affected, *inter alia*, by other discretionary interest payments on other (existing or future) capital instruments, including CET1 distributions and any write-up of principal amounts of Discretionary Temporary Write-down Instruments (if any). As at 31 December 2016, the Issuer's Distributable Items were approximately €1,629 million.

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

Under article 141(2) (*Restrictions on distributions*) CRD IV Directive, member states of the European Union must require that institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific countercyclical capital buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and the other systemically important institutions buffer, in each case as applicable to the institution) will be subject to restricted discretionary payments (which are defined broadly by CRD IV as distributions in connection with CET1 capital, payments on Additional Tier 1 capital instruments (including interest amounts on the Capital Securities and any write-ups of principal amounts (if applicable)) and payments of discretionary staff remuneration).

The combined buffer requirement and the associated restrictions under article 141(2) CRD IV Directive have started to transition in from 1 January 2016 at a rate of 25 per cent of such requirement per annum. In the event of a breach of the combined buffer requirement, the restrictions under article 141(2) CRD IV Directive will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the institution's profits. Such calculation will result in a maximum distributable amount (**Maximum Distributable Amount** or **MDA**) in each relevant period.

MDA restrictions would need to be calculated for each separate level of supervision. It follows that MDA restrictions should be calculated at Group consolidated and Issuer sub-consolidated level. In addition, the Pillar 2 SREP requirement applicable to the Group may also be applied to the Issuer for the purposes of the MDA calculation. For each such level of supervision, the level of restriction under article 141(2) CRD IV Directive will be scaled according to the extent of the breach of the combined buffer requirement applicable at such level and calculated as a percentage of the respective profits calculated at such level. The MDA would thus be assessed separately for each level of supervision based on this calculation and distributions would be restricted by the lowest amount.

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

The amount of CET1 capital required to meet the combined buffer requirements will be relevant to assess the risk of interest payments being cancelled. See also below in the risk factor "*CRD IV includes capital requirements that are in addition to the minimum regulatory CET1 capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*". The market price of the Capital Securities is likely to be affected by any fluctuations in the Issuer CET1 Ratio and/or the Group CET1 Ratio. Any indication that these ratios are tending towards the MDA trigger level may have an adverse impact on the market price of the Capital Securities.

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

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

The CRD IV Directive gives the competent authority certain recovery powers which would apply if the Issuer fails (or threatens to fail) to comply with applicable regulations. There are no ex-ante limitations on the discretion to use this power. In such circumstances, the competent authority could require the Issuer to suspend payments of interest on Additional Tier 1 instruments (including the Capital Securities). Furthermore, the CRD IV Directive provides the competent authority coupon cancellation powers in the context of the regular supervisory review and evaluation process of the Issuer which may cause the Issuer to cancel interest payments to holders of the Capital Securities.

Payment of interest may also be affected by any application of the legislation in The Netherlands implementing the BRRD. See also below in the risk factors "*A Holder may lose all of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*". Furthermore, as outlined in the risk factor "*The Issuer operates in highly regulated industries. There could be an adverse change or increase in the financial services laws and/or regulations governing its business*", the regulatory framework around the TLAC/MREL Requirement is not yet in final form and is also the subject of the EU Banking Reform Proposals. If the EU Banking Reform Proposals are adopted in their current form, a failure by the Issuer and/or the Group to comply with the TLAC/MREL Requirements means the Issuer could become subject to the restrictions on payments on Additional Tier 1 instruments, including the Capital Securities (subject to a potential six-month grace period in case specific conditions are met).

In addition, CRD IV includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their Tier 1 capital as a percentage of their total exposure measure. As part of the EU Banking Reform Proposals, a binding leverage ratio of 3 per cent is being introduced. However, the Dutch government has indicated that Dutch systemically important banks should have a leverage ratio of at least 4 per cent by 2018. At the date of this Prospectus, the Issuer is not a systemically important bank.

There can be no assurance, however, that the leverage ratio specified above, or any of the minimum own funds requirements, additional own funds requirements or buffer capital requirements applicable to the Issuer will not be amended in the future to include new and more onerous capital requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Capital Securities.

It follows from the above that there can be no assurance that an investor will receive payments of interest in respect of the Capital Securities, and the Issuer's ability to make interest payments on the Capital Securities will depend on a combination of (i) the level of distributable reserves and the profits the Issuer has accumulated in the financial year preceding any interest payment date, (ii) the amount of outstanding capital instruments with interest cancellation provisions similar to the Capital Securities, (iii) the combined capital buffer and any other capital requirements (in addition to Pillar 1 and Pillar 2 capital requirements) applicable to the Issuer and the Group from time to time and (iv) the application of certain discretionary powers of the competent authority in respect of the Issuer. Furthermore, even if there were to be sufficient funds to make interest payments on the Capital Securities, the Issuer may still elect to cancel such interest payment for any reason and for any length of time. Furthermore, no interest will be paid on any principal amount that has been written down following a Trigger Event and/or Statutory Loss Absorption and interest on any remaining principal amount following such write-down is subject to the Issuer having sufficient Distributable Items and, if applicable, sufficient Net Profit and the Maximum Distributable Amount not being exceeded (see the risk factors "*The principal amount of the Capital Securities may be reduced (Written Down) to absorb losses*" and "*A Holder may lose all of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*" and "*CRD IV includes capital requirements that are in addition to the minimum regulatory CET1 capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*" below).

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

Any actual or anticipated cancellation of interest on the Capital Securities will likely have an adverse effect on the market price of the Capital Securities. In addition, as a result of the interest cancellation provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities. Any indication that the Issuer CET1 Ratio and/or the Group CET1 Ratio is trending towards the minimum required combined capital buffer may have an adverse effect on the market price of the Capital Securities.

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

The Capital Securities are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer. Such eligibility depends upon a number of conditions being satisfied. One of these relates to the ability of the Capital Securities and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, if the Issuer CET1 Ratio and/or the Group CET1 Ratio falls

below 5.125 per cent (a **Trigger Event**), the Prevailing Principal Amount of the Capital Securities will be reduced with an amount at least sufficient to immediately cure the Trigger Event, and any accrued but unpaid interest will be cancelled. A Principal Write-down may occur at any time on one or more occasions (provided, however, that the principal amount of a Capital Security shall never be reduced to below one cent). Any Principal Write-down of the Capital Securities shall not constitute a default of the Issuer. Investors shall not be entitled to any compensation or to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer (without prejudice to any principal amount subsequently written-up at the discretion of the Issuer in accordance with the Principal Write-up mechanism as set out in Condition 8.2 (*Principal Write-up*)).

A Principal Write-down is expected to occur simultaneously with the concurrent pro rata write-down or conversion into equity of the prevailing principal amount of any Parity Loss Absorbing Instruments and after the write-down or conversion into equity of Prior Loss Absorbing Instruments with higher trigger levels (if any). However, this will not necessarily be the case. In particular, investors must note that to the extent such write-down or conversion into equity of any Loss Absorbing Instruments is not effective for any reason (i) the ineffectiveness of any such write-down or conversion into equity shall not prejudice the requirement to effect a Principal Write-down of the Capital Securities and (ii) the write-down or conversion into equity of any Prior Loss Absorbing Instruments and/or Parity Loss Absorbing Instruments which is not effective shall not be taken into account in determining the Write-down Amount of the Capital Securities. Therefore, the write-down or conversion into equity of other Loss Absorbing Instruments is not a condition for a Principal Write-down of the Capital Securities and, as a result of failure to write down or convert into equity such other Loss Absorbing Instruments, the Write-down Amount of the Capital Securities may be higher. Holders may lose all or some of their investment as a result of such a Principal Write-down of the Prevailing Principal Amount of the Capital Securities. In particular, the Issuer may be required to write down the Prevailing Principal Amount of the Capital Securities following the occurrence of a Trigger Event such that the Issuer CET1 Ratio and/or the Group CET1 Ratio (as applicable) are restored to a level higher than 5.125 per cent. No assurance can be given that a Principal Write-down will be applied towards not only curing the Trigger Event but also towards restoring the Issuer CET1 Ratio and/or the Group CET1 Ratio to a level above the Trigger Event. In such an event, the Write-down Amount will be greater than the amount by which the then Prevailing Principal Amount would have been written down if the Issuer had been required to write down the principal amount of the Capital Securities to the extent necessary thereby to restore the Issuer CET1 Ratio and/or the Group CET1 Ratio to 5.125 per cent (as applicable).

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

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

Investors may lose all or some of their investment as a result of a Principal Write-down or of reaching the point of non-viability (see also below in the risk factor "*A Holder may lose all of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*") and due to the limited circumstances in which a Principal Write-up may be undertaken (outside of non-viability), any reinstatement of the Prevailing Principal Amount of the Capital Securities and recovery of such investment may take place over an extended period of time or not at all. In addition, if any of the events listed in Condition 12 (*Limited Remedies in case of Non-Payment*) occurs prior to the Capital Securities being written-up in full pursuant to Condition 8.2 (*Principal Write-up*), Holders' claims for principal in liquidation or bankruptcy will be based on the reduced principal amount (if any) of the Capital Securities. Further, during the period of any Principal Write-down pursuant to Condition 8.1 (*Principal Write-down*), interest will accrue on the reduced principal amount of the Capital Securities and is subject to the Issuer having sufficient Distributable Items and, if applicable, sufficient Net Profit and the Maximum Distributable Amount not being exceeded. Also, any redemption at the option of the Issuer during such period will take place at the reduced principal amount of the Capital Securities.

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

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

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

The market price of the Capital Securities is expected to be affected by fluctuations in the Issuer CET1 Ratio and/or the Group CET1 Ratio. Any indication that the Issuer CET1 Ratio and/or the

Group CET1 Ratio is trending towards the Trigger Event may have an adverse effect on the market price of the Capital Securities. The level of the Issuer CET1 Ratio and/or the Group CET1 Ratio may significantly affect the trading price of the Capital Securities.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, any of which may be outside the Issuer's control. Because the Issuer CET1 Ratio and the Group CET1 Ratio may be calculated as at any date, a Trigger Event could occur at any time. The calculation of the Issuer CET1 Ratio and/or the Group CET1 Ratio could be affected by one or more factors, including, among other things, changes in the mix of the Issuer's business, major events affecting its earnings, dividend payments by the Issuer, regulatory changes (including the imposition of additional minimum capital or capital buffer requirements or changes to definitions and calculations of regulatory capital ratios and their components or the changes to the interpretation thereof by the relevant authorities or case law) and the Issuer's ability to manage risk-weighted assets in both its ongoing businesses and those which it may seek to exit or enter.

As an example of potential regulatory changes which may impact the Issuer CET1 Ratio and/or the Group CET1 Ratio, the Basel Committee of Banking Supervision (**BCBS**) is reviewing the standardised approaches of the capital requirement frameworks for credit and operational risk, *inter alia*, in a view to reduce mechanistic reliance on external ratings. In addition, the role of internal models is under review with the aim to reduce the complexity of the regulatory framework, improve comparability and address excessive variability in the capital requirements for credit risk. The BCBS is also working on the design of a capital floor framework based on the revised standardised approaches for all risk types. This framework will replace the current capital floor for credit institutions using internal models, which is based on the Basel I standard. The BCBS will consider the calibration of the floor alongside its other work on revising the risk-based capital framework. Moreover, the BCBS has conducted a review of trading book capital standards, resulting in new minimum capital requirements for market risk. The BCBS had intended to finalise all revisions to the Basel III framework at or around the end of 2016. However, on 3 January 2017, the Basel Committee announced that it had postponed finalisation until "the near future". Whereas the BCBS' final calibration of the proposed new frameworks and subsequently, how and when these will be implemented in the European Union are still uncertain, the European Commission published a proposal on certain aspects of on-going reform such as the revised market risk framework as part of its EU Banking Reform Proposals. On this basis, currently no firm conclusions regarding the impact on the potential future capital requirements, and consequently how this will affect the capital requirements for the Issuer and/or the Group, can be made.

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

Investors will not be able to monitor movements in the Issuer CET1 Ratio and/or the Group CET1 Ratio or any Maximum Distributable Amount on a continuous basis and it may therefore

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

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

The factors that influence the Issuer CET1 Ratio may not be the same as the factors that influence the Group CET1 Ratio. At the date of this Prospectus, the capital instruments eligible as own funds of the Issuer are the same as the capital instruments eligible as own funds of Group, but the risk-weighted assets and deductions of the own funds of the Issuer differ from the risk-weighted assets and deductions of the own funds of Group.

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

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

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

A minimum combined buffer requirement is imposed on top of the minimum regulatory CET1 capital requirement of 4.5 per cent of the Issuer's total risk exposure amount as calculated in accordance with article 92 CRR (**TREA**). The Dutch legislator has implemented the combined buffer requirement in the Wft and the implementing Decree on prudential rules Wft (*Besluit prudentiële regels Wft*, the **Decree on Prudential Rules Wft**) which entered into force on 1 August 2014.

The combined buffer requirement consists of the following elements:

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

- **Institution-specific countercyclical capital buffer (*contracyclische kapitaalbuffer*)**: the institution-specific countercyclical capital buffer rate shall consist of the weighted average of the countercyclical capital buffer rates that apply in the jurisdictions where

the relevant credit exposures are located; this rate will be between 0 per cent and 2.5 per cent of TREA (but may be set higher than 2.5 per cent where DNB considers that the conditions justify this). The designated authority in each member state must set the countercyclical capital buffer rate for exposures in its jurisdiction on a quarterly basis;

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

- **Systemic risk buffer** (***systeemrisicobuffer***): set as an additional loss absorbency buffer to prevent and mitigate long term non-cyclical systemic or macro prudential risks not covered in CRD IV, with a minimum of 1 per cent of TREA. The buffer rate will be reviewed annually by DNB.

At the date of this Prospectus, the Issuer is not subject to any of the capital buffers described above except for the capital conservation buffer.

When an institution 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 risk buffer addresses.

The combined buffer requirement must be met with CET1 Capital and is being gradually phased in in quartiles from 1 January 2016 to fully apply as per 1 January 2019.

It follows from the above that, as at the date of this Prospectus, the combined buffer requirement is set at 1.25 per cent of CET1 Capital above the minimum regulatory CET1 requirement of 4.5 per cent (or 5.75 per cent in aggregate) on a phase-in basis. However, in the future the Issuer may need to comply with a higher combined buffer requirement. For example, the competent authority may impose a systemic risk buffer or introduce a countercyclical capital buffer.

In addition to the "Pillar 1" capital requirements described above, CRD IV contemplates that competent authorities may require additional "Pillar 2" capital to be maintained by an institution relating to elements of risks which are not fully covered by the minimum own funds requirements (**additional own funds requirements**) or to address macro-prudential requirements.

The EBA published guidelines on 19 December 2014 addressed to national supervisors on common procedures and methodologies for the supervisory review and evaluation process (**SREP**) which contained guidelines proposing a common approach to determining the amount and composition of additional own funds requirements and which was implemented as per 1 January 2016. The guidelines contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements. Accordingly, the combined buffer requirement (as referred to above) applies in addition to the minimum own funds requirement and to the additional own funds requirement.

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) and Pillar 2 guidance (with which banks are expected to comply but breach of which does not automatically trigger any legal action). Accordingly, in the capital stack of a bank, the Pillar 2 guidance is in addition to (and "sits above") that bank's Pillar 1 capital requirements, its

Pillar 2 requirements and its combined buffer requirement. It follows that if a bank does not meet its Pillar 2 guidance, 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 applicable to the Group and/or the Issuer and the restrictions on discretionary payments (including distributions on the Capital Securities) and as to how and when effect will be given to the EBA's guidelines and/or the EU Banking Reform Proposals in The Netherlands, including as to the consequences for a bank of its capital levels falling below the minimum own funds requirements, additional own funds requirements and/or combined buffer requirement referred to above.

As outlined in the risk factor "*In certain circumstances, the Issuer may decide not to pay interest on the Capital Securities or be required not to pay such interest*" and in the paragraph headed "*The minimum requirement for own funds and eligible liabilities under BRRD and SRM Regulation*" above, the regulatory framework around the TLAC/MREL Requirement is not yet in final form and is also the subject of the EU Banking Reform Proposals. If the EU Banking Reform Proposals are adopted in their current form, a failure by the Issuer and/or the Group to comply with the TLAC/MREL Requirements means the Issuer could become subject to the restrictions on payments on Additional Tier 1 instruments, including the Capital Securities (subject to a potential six-month grace period in case specific conditions are met).

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

Many of the defined terms in the Terms and Conditions of the Capital Securities depend on the final interpretation and implementation of CRD IV. CRD IV is a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Although the CRD IV Directive has been implemented into Dutch law as per 1 August 2014 and CRR is directly applicable in each Member State, a number of important interpretational issues remain to be resolved through binding technical and implementing standards and guidelines and recommendations by the EBA that will be adopted in the future, and leaves certain other matters to the discretion of the competent authority. Also proposals have already been published by the European Commission to make certain amendments to CRD IV by means of the EU Banking Reform Proposals, partly drawing from the Basel Committee further banking reform proposals.

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

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

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

In addition to being subject to a possible write-down as a result of the occurrence of a Trigger Event in accordance with the Terms and Conditions of the Capital Securities, the Capital Securities may also be subject to a permanent write-down or conversion (in whole or in part) in circumstances where the competent Resolution Authority would, in its discretion, determine that the Issuer has reached the point of non-viability.

Recovery and resolution plans

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 condition in case it significantly deteriorated. The Issuer must submit the plan to the competent supervisory 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 Authorities may also require the Issuer to issue additional liabilities at various levels within the Issuer or concentrated at the level of the Group. This may result in higher capital and funding costs for the Issuer, and as a result adversely affect the Issuer's profits and its possible ability to pay dividends and/or interest on the Capital Securities.

Early intervention

If the Issuer would infringe or, due to a rapidly deteriorating financial condition, would be likely to infringe capital or liquidity requirements in the near future, the supervisory authorities will have the power to impose early intervention measures. A rapidly deteriorating financial condition could, for example, occur in 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 institution, changes to the institutions' business strategy, 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.

(Pre-)Resolution measures

If the Issuer were to reach a point of non-viability, DNB in its capacity as competent national resolution authority of the Issuer (in such capacity, the **NRA**) or, if designated as such, the European Single Resolution Board (the **Resolution Board**) could take pre-resolution measures before the conditions for resolution are met. These measures include the write down and cancelation of shares, and the write down or conversion of capital instruments (such as the Capital Securities) into shares (the **Write-down and Conversion Power**). A write down or conversion of capital instruments into shares could adversely affect the rights and effective remedies of holders of Capital Securities and the market value of their Capital Securities could be negatively affected.

The BRRD provides resolution authorities with broader 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 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. Furthermore, the BRRD provides resolution authorities the power to ensure that capital instruments (such as the Capital Securities) and certain eligible liabilities (such as senior debt instruments) absorb losses when the issuing institution 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 intended to be used prior to the point at which any insolvency proceedings with respect to the Issuer could have been initiated. Although the applicable legalisation provides for conditions to the exercise of any resolution powers and EBA guidelines set out the objective elements for determining whether an institution is failing or likely to fail, it is uncertain how the relevant resolution authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and in deciding whether to exercise a resolution power. The relevant resolution authority is also not required to provide any advance notice to the Holders of its decision to exercise any resolution power. Therefore, the Holders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer or the Holders' rights under the Capital Securities.

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.

The NRA or the Resolution Board (as applicable) 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 NRA or the Resolution Board (as applicable) determines 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 it is determined that the Issuer meets the conditions for resolution, the NRA or the Resolution Board (as applicable) may apply the Bail-In Tool. When applying the Bail-In Tool, the NRA or the Resolution Board (as applicable) must apply the following order of priority:

1. CET1 capital instruments;

2. Additional Tier 1 capital instruments (such as Capital Securities qualifying as Additional Tier 1 instruments);

3. Tier 2 capital 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. other eligible liabilities (such as senior notes) in accordance with the hierarchy of claims in normal insolvency proceedings.

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

Although the write-down or conversion into shares of the Capital Securities may be part of the Bail-In Tool, such write-down or conversion would in any event occur prior to bail in of Tier 2 capital instruments and senior debt instruments or other eligible liabilities.

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 recapitalisations 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 the BRRD.

The Dutch Intervention Act, the BRRD, the SRM 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. Therefore, 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 (including the Capital Securities), before being eligible for any kind of restructuring State aid.

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

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

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

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

As at the date of this Prospectus, the Issuer has not received any notice of any recovery and/or (pre)resolution measure being taken in respect of it and there has been no indication that any event may occur. However, there can be no assurance that this will not change and/or that Holders will not be adversely affected by any event if it does occur.

Statutory Loss Absorption

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

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

Any written off amount as a result of Statutory Loss Absorption shall be irrevocably lost and investors will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to Statutory Loss Absorption.

In addition, the Terms and Conditions of the Capital Securities stipulate that, subject to the determination by the relevant Resolution Authority and without the consent of the investors, the Capital Securities may be subject to other resolution measures as envisaged under by the Applicable Resolution Framework; that such determination, the implementation thereof and the rights of investors shall be as prescribed by the Applicable Resolution Framework, which may, *inter alia*, include the concept that, upon such determination no investor shall be entitled to

claim any indemnification arising from any such event and that any such event shall not constitute an event of default or entitle the Holders to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer.

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

No scheduled redemption

The Capital Securities are undated securities in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Capital Securities at any time (see Condition 6 (*Redemption and Purchase*)); although the Terms and Conditions of the Capital Securities include several options for the Issuer to redeem the Capital Securities, there is no contractual incentive for the Issuer to exercise any of these call options and the Issuer has full discretion under the Terms and Conditions of the Capital Securities not to do so for any reason. There will be no redemption at the option of investors.

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

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

(b) by selling their Capital Securities; or

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

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

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

The Issuer may, at its option, redeem all, but not some only, of the Capital Securities on the First Call Date or on each Interest Payment Date thereafter (the **Issuer Call Option**), or at any time upon the occurrence of a Tax Event or a Capital Event, in each case at their Prevailing Principal Amount plus accrued and unpaid interest (if any). Any such redemption shall be subject to Condition 6.6 (*Conditions for Redemption and Purchase*) which provides, among other things, that (i) the Competent Authority must give its prior written permission and (ii) the Issuer must demonstrate to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRR (or any equivalent or substitute provision under Applicable Banking Regulations), which may include (a) the replacement of the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer or (b) that the own funds of the Issuer would, following such redemption or purchase, exceed its minimum own funds requirements (including any capital buffer requirements) by a margin (calculated in accordance with article 104(3) CRD IV Directive) that the Competent Authority considers necessary at such time. Also, the Issuer shall have the right to redeem the

Capital Securities following a Principal Write-down before the Prevailing Principal Amount has been restored to the Original Principal Amount. Accordingly, Holders risk only receiving the amount of principal so reduced by the Principal Write-down.

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

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

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

In 2014 the Dutch parliament adopted Article 29a of the Dutch Corporate Income Tax Act of 1969 (*Wet op de vennootschapsbelasting 1969*) which provides for debt treatment of securities that qualify as an equity instrument as defined in article 52 of CRR as a result of which interest payments on these Tier 1 capital instruments are deductible for Dutch corporate income tax purposes and not subject to withholding tax. There is a risk that the European Commission will take the view, and that the European Court of Justice would uphold such view if contested, that the tax deductibility of interest payments on Tier 1-captial instruments is in contravention of EU state aid prohibitions. The Dutch State would have to recover from the Issuer the amounts of corporate income tax and withholding tax, plus interest, that the Issuer would have had to pay or withhold had the interest not been deductible and subject to withholding tax. A determination that deduction of interest payments on the Capital Securities is inconsistent with European law will not give rise to a Tax Event that would give the Issuer the right to redeem the Capital Securities prior to the First Call Date. However, if such determination were made with respect to the Capital Securities, the amounts payable to the Dutch State could be substantial and the non-deductibility of interest and the obligation to withhold dividend withholding tax may cause the Issuer to redeem the Capital Securities at the earliest possible date on or after the First Call Date.

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

The Issuer may if a Tax Event or a Capital Event has occurred and is continuing, subject to compliance with any conditions prescribed under Applicable Banking Regulations, including the prior permission of the Competent Authority if required at the relevant time, but without any requirement for the consent or approval of the Holders, substitute the Capital Securities or vary the terms of the Capital Securities provided that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and that such substitution or variation shall not result in terms that are materially less favourable to the Holders (as reasonably determined by the Issuer). Following such variation or substitution the resulting securities must have at least, *inter alia*, the same ranking, interest rate, interest payment dates, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Capital Securities. Nonetheless, no

assurance can be given as to whether any of these changes will negatively affect any particular investor. In addition, the tax and stamp duty consequences of holding such varied or substituted Capital Securities could be different for some categories of investors from the tax and stamp duty consequences of their holding the Capital Securities prior to such variation or substitution. See Condition 7 (*Substitution and Variation*) of the Terms and Conditions of the Capital Securities.

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

The Capital Securities are subject to modification, waivers and substitution

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

The Terms and Conditions of the Capital Securities also provide that the Issuer and the Agent may, without the consent of Holders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Holders) of the Agency Agreement which is not, in the sole opinion of the Issuer (acting reasonably), materially prejudicial to the interests of Holders, (ii) any modification of the Capital Securities or the Agency Agreement which is, in the sole opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law or (iii) following a merger between the Group and the Issuer by way of a legal merger (*juridische fusie*) or otherwise, make any modification of the Capital Securities, the Coupons or the Agency Agreement which follows from such merger. Such modifications may relate to the Trigger Event at the level of the Group or the Issuer falling away.

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

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

The Terms and Conditions of the Capital Securities do not provide for events of default allowing acceleration of the Capital Securities if certain events occur, for example if the Issuer fails to pay any amount of interest or principal when due. Also, the Capital Securities cannot cross default based on non-payment on other securities, except where such non-payment on other securities itself results in the winding-up of the Issuer. Accordingly, if the Issuer fails to meet any obligation under the Capital Securities, including the payment of interest or the Prevailing Principal Amount of the Capital Securities following the exercise of a right to redeem the Capital Securities as referred in Condition 6 (*Redemption and Purchase*), such failure will not give the Holder any right to accelerate the Capital Securities. Accrued but unpaid interest will be deemed cancelled (see the risk factor "*In certain circumstances, the Issuer may decide*

not to pay interest on the Capital Securities or be required by the Terms and Conditions of the Capital Securities not to pay such interest"). The sole remedy available to the Holder for recovery of amounts owing in respect of due but unpaid Prevailing Principal Amount will be to demand payment of its claim in the winding-up or liquidation of the Issuer. Liquidation or winding-up of the Issuer may take place if any of the events specified in the risk factor "*The Capital Securities constitute deeply subordinated obligations*" above were to occur. See Condition 12 (*Limited Remedies in case of Non-Payment*). Holders have limited power to invoke the liquidation of the Issuer and will be responsible for taking all steps necessary for submitting claims in any bankruptcy proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

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

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

The Rate of Interest of the Capital Securities will be reset as from the First Call Date and as from each date which falls five, or an integral multiple of five, years after the First Call Date. Such Rate of Interest will be determined two Business Days prior to the relevant reset date and as such is not pre-defined at the date of issue of the Capital Securities; it may be lower than the Initial Rate of Interest and may adversely affect the yield or market value of the Capital Securities.

Change of law and jurisdiction may impact the Capital Securities

Change of law

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

Jurisdiction

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

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

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

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

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

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

Furthermore, should a Capital Security be accelerated in the limited circumstances described in Condition 12 (*Limited Remedies in case of Non-Payment*) (see the risk factor "*The Terms and Conditions of the Capital Securities do not provide for events of default allowing acceleration of the Capital Securities*" above) where any Capital Security is still represented by a Global Capital Security, only investors which are accountholders holding their Capital Securities so

represented and credited to their account with Euroclear or Clearstream, Luxembourg, will become entitled to proceed directly against the Issuer ("direct rights"). Any other investors in the Capital Securities will have to rely upon the nominee service provider which is the accountholder with Euroclear and/or Clearstream, Luxembourg through which such investor made arrangements to invest in the Capital Securities or should require such nominee service provide to transfer such direct rights to the investor.

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

Each investor in the Capital Securities must act independently as they do not have the benefit of a trustee

Because the Capital Securities will not be issued pursuant to an indenture or trust deed, investors in the Capital Securities will not have the benefit of a trustee to act upon their behalf and each investor will be responsible for acting independently with respect to certain matters affecting such interests in the Capital Securities, including accelerating the Capital Securities upon the occurrence of any of the events listed in Condition 12 (*Limited Remedies in case of Non-Payment*), and responding to any requests for consents, waivers or amendments.

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

As the Capital Securities have a denomination consisting of the minimum denomination of €200,000 plus integral multiples of €1,000 in excess thereof up to (and including) €399,000, it is possible that such Capital Securities may be traded in amounts that are not integral multiples of such minimum denomination of €200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum denomination of €200,000 in its account with the relevant clearing system at the relevant time may not receive a Definitive Capital Security in respect of such holding (in the limited circumstances in which Definitive Capital Securities could be printed) and would need to purchase a principal amount of Capital Securities such that its holding amounts to €200,000.

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

Tax consequences of holding the Capital Securities may be complex

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

Holders may be subject to withholding tax under FATCA

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

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

Legality of purchase

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Capital Securities by a prospective investor in the Capital Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. The Managers are also required to comply with the PI Rules and as a result of this compliance, prospective investors will be required to give the representations, warranties, agreements and undertakings as set out on page 4 of this Prospectus.

Legal investment considerations may restrict certain investments

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

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

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

markets, investors must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

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

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:

A secondary market may not develop for the Capital Securities

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

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

Market liquidity in hybrid financial instruments similar to the Capital Securities has historically been limited. In the event a trigger event occurs in relation to an Additional Tier 1 instrument or interest payments are suspended, potential price contagion and volatility to the entire asset class is possible. Moreover, the Issuer's discretion regarding the payment of interest significantly increases uncertainty in the valuation of Additional Tier 1 instruments, this uncertainty might have a negative impact on liquidity and volatility of the Capital Securities.

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

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

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

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

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

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

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

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

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

Standard & Poor's has assigned or is expected to assign an expected rating to the Capital Securities. In addition, Standard & Poor's and Fitch have assigned credit ratings to the Issuer. These ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Capital Securities or the standing of the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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

The Issuer and the Managers may engage in transactions adversely affecting the interests of the holders of Capital Securities

The Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Potential investors should be aware that the interests of the Issuer may conflict with the interests of the holders of the Capital Securities. Moreover, investors

should be aware that the Issuer, acting in whatever capacity, will not have any obligations vis-à-vis investors and, in particular, it will not obliged to protect the interests of investors.

OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in any Capital Securities should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

Words and expressions defined in "*Terms and Conditions of the Capital Securities*" and "*Form of the Capital Securities*" below, respectively, shall have the same meanings in this overview.

Issuer:	NIBC Bank N.V.
Joint Bookrunners:	Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and Morgan Stanley & Co. International plc
Joint Lead Managers:	Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Morgan Stanley & Co. International plc and NIBC Bank N.V.
The Capital Securities:	€200,000,000 Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities
Principal Paying Agent and Agent Bank:	Citibank, N.A., London Branch
Currency:	Euro
Issue Price:	100 per cent of the principal amount of the Capital Securities
Issue Date:	29 September 2017
Form:	The Capital Securities are in bearer new global note (**NGN**) form and will initially be represented by a Temporary Global Capital Security which will be deposited on the Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. The Temporary Global Capital Security will be exchangeable as described therein for a Permanent Global Capital Security not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Permanent Global Capital Security will be exchangeable for definitive Capital Securities only upon the occurrence of an Exchange Event and if permitted by applicable law, all as described in "*Form of the Capital Securities*" below. Any interest in

a Global Capital Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.

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

Denominations: €200,000 and integral multiples of €1,000 in excess thereof up to (and including) €399,000.

Status: The Capital Securities constitute unsecured and deeply subordinated obligations of the Issuer.

The rights and claims (if any) of Holders to payment of the Prevailing Principal Amount of the Capital Securities and any other amounts in respect of the Capital Securities (including any accrued interest or damages awarded for breach of any obligations under the Conditions, if any are payable) shall in the event of the liquidation, bankruptcy or Moratorium of the Issuer rank, subject to any rights or claims which are mandatorily preferred by law,

(a) junior to the rights and claims of creditors in respect of Senior Obligations (including Tier 2 instruments), present and future;

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

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

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

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

Interest: Subject as described under "Interest

Cancellation" below, interest will accrue on the outstanding Prevailing Principal Amount of the Capital Securities on a non-cumulative basis:

(a) from (and including) the Issue Date to (but excluding) the First Call Date, at a fixed rate of 6.00% per annum; and

(b) from (and including) the First Call Date and thereafter, at a fixed rate per annum reset on each Reset Date based on the prevailing 5-year Mid-Swap Rate plus 5.564 per cent,

payable semi-annually in arrear in equal instalments on 15 April and 15 October of each year.

Interest Cancellation:

The Issuer may, in its sole discretion (but subject at all times to the requirements for mandatory cancellation of interest payments), elect to cancel any interest payment (in whole or in part) which is otherwise due to be paid.

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

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

(b) the payment of such interest, including Additional Amounts thereon, where applicable, would cause, when aggregated together with other distributions of the kind referred to in article 3:62b Wft (implementing article 141(2) CRD IV Directive) plus any principal write-ups, where

applicable, the Maximum Distributable Amount (if any) then applicable to the Issuer or the Group (as the case may be) to be exceeded; or

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

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

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

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

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

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

Trigger Event and Principal Write-down:

A **Trigger Event** will occur if, at any time (i) the Issuer CET1 Ratio and/or (ii) the Group CET1 Ratio is less than 5.125 per cent as determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority.

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

(a) irrevocably cancel all interest accrued on each Capital Security up to (and

including) the Trigger Event Write-down Date (whether or not the same has become due at such time); and

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

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

(i) the amount per Calculation Amount (together with, subject to Condition 8.1(e) (*Consequences of a write-down or conversion*), the concurrent pro rata Principal Write-down of the other Capital Securities and the write-down or conversion into equity of the prevailing principal amount of any Parity Loss Absorbing Instruments and the prior or concurrent write down or conversion into equity of all of the outstanding principal amount of any Prior Loss Absorbing Instruments) that would be sufficient to immediately restore the Issuer CET1 Ratio and the Group CET1 Ratio (as the case may be) to not less than 5.125 per cent, provided that, with respect to each Prior Loss Absorbing Instrument

and/or Parity Loss Absorbing Instrument (if any), such pro rata write down and/or conversion shall only be taken into account to the extent required to restore the Issuer CET1 Ratio and the Group CET1 Ratio (as the case may be) contemplated above to the lower of (x) such Prior Loss Absorbing Instrument's and/or Parity Loss Absorbing Instrument's trigger level and (y) the trigger level in respect of which the relevant Trigger Event under the Capital Securities has occurred, in each case, in accordance with the terms of the relevant instruments and the Applicable Banking Regulations; or

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

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

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

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

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

The Holders shall have no further rights or claims against the Issuer (whether in the case of bankruptcy (*faillissement*), a Moratorium, liquidation (*liquidatie*) or the dissolution or winding up (*ontbinding en vereffening*) of the Issuer or otherwise) with respect to any interest cancelled and any principal Written

Down (including, but not limited to, any right to receive accrued but unpaid and future interest or any right of repayment of principal, but without prejudice to their rights in respect of any reinstated principal following a Principal Write-up as described under "Principal Write-up" below).

Principal Write-up:

Subject to compliance with the Applicable Banking Regulations, if a positive Net Profit is recorded (a **Return to Financial Health**) at any time while the Prevailing Principal Amount is less than the Original Principal Amount, the Issuer may, at its full discretion but subject to the Maximum Distributable Amount (when aggregated together with other distributions of the Issuer of the kind referred to in article 3:62b Wft (implementing article 141(2) CRD IV Directive)) not being exceeded thereby, increase the Prevailing Principal Amount of each Capital Security (a **Principal Write-up**) up to a maximum of its Original Principal Amount on a *pro rata* basis with the other Capital Securities and with any other Discretionary Temporary Write-down Instruments (based on the then prevailing principal amounts thereof), provided that the Maximum Write-up Amount is not exceeded.

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

Statutory Loss Absorption:

The Capital Securities may become subject to the determination by the relevant Resolution Authority or the Issuer (following instructions from the relevant Resolution Authority) that all or part of the principal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be written off or converted into CET1 instruments or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework (**Statutory Loss Absorption**). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Capital Securities

subject to Statutory Loss Absorption shall be written off or converted into CET1 instruments or otherwise be applied to absorb losses, as prescribed by the Applicable Resolution Framework (ii) Holders have no further rights or claims, whether in the case of bankruptcy, a Moratorium, liquidation or the dissolution or winding up of the Issuer or otherwise in respect of any amount written off or subject to conversion or otherwise as a result of such Statutory Loss Absorption, (iii) such Statutory Loss Absorption shall not constitute an event of default or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever and (iv) such Statutory Loss Absorption shall not constitute the occurrence of any event related to the insolvency of the Issuer or entitle the Holders to any compensation or to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer.

Issuer Call Option on and after the First Call Date:

Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), the Issuer may, at its option, redeem the Capital Securities on 15 October 2024 (the **First Call Date**) or on each Interest Payment Date thereafter, in whole but not in part, at their Prevailing Principal Amount, together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*)).

Tax Call Option:

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

The Competent Authority may only permit the

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

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

Regulatory Call Option:

Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), the Issuer may at its option redeem the Capital Securities (in whole but not in part), at any time at their Prevailing Principal Amount, together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

The Competent Authority may only permit the Issuer to redeem the Capital Securities before the date falling on the fifth anniversary of the Issue Date on the occurrence of a Capital Event if, without prejudice to Condition 6.6 (*Conditions for Redemption and Purchase*),

the Competent Authority considers the Capital Event sufficiently certain and the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of their issuance.

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

Conditions for Redemption and Purchase:

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

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

(b) the Issuer having demonstrated to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRR (or any equivalent or substitute provision under Applicable Banking Regulations), which may include (a) the replacement of the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer or (b) that the own funds of the Issuer would, following such redemption or purchase, exceed its minimum own funds requirements (including any capital buffer requirements) by a margin (calculated in accordance with article 104(3) CRD IV Directive) that the Competent Authority considers necessary at such

time.

Taxation:

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

Substitution and Variation:

The Issuer may if a Capital Event or a Tax Event has occurred and is continuing, subject to compliance with any conditions prescribed under Applicable Banking Regulations, including the prior permission of the Competent Authority (if required), at its option, without any requirement for the consent or approval of the Holders, substitute all (but not some only) of the Capital Securities or vary the terms of all (but not some only) of the Capital Securities provided that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and that such substitution or variation shall not result in terms that are materially less favourable to the Holders (as reasonably determined by the Issuer).

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

Purchases:

The Issuer or any of its subsidiaries may at their option, subject to Condition 6.6 (*Conditions for Redemption and Purchase*) (as applicable), at any time purchase Capital Securities in the open market or otherwise and at any price, save that any such purchase may not take place within 5 years after the Issue Date unless permitted by Applicable Banking Regulations. Such Capital Securities may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for

cancellation.

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

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

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

(a) the Issuer is declared bankrupt (*failliet*), or a declaration in respect of the Issuer is made under article 3:163(1)(b) Wft; or

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

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

permission is required).

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

Meetings of Holders and Modification:

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

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

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

(b) any modification of the Capital Securities or the Agency Agreement which is, in the sole opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law; or

(c) effect a combination between the Group and the Issuer, by way of a legal merger or demerger (*juridische fusie of splitsing*), a transfer of assets and liabilities or otherwise and make any modification of the Capital Securities, the Coupons or the Agency Agreement which follows from such a combination, provided that such modification shall, in the sole opinion of the Issuer, not result in terms that are materially less favourable to the Holders (as reasonably determined by the Issuer).

Governing Law:

The Capital Securities and the Agency Agreement will be governed by, and construed

	in accordance with, the laws of The Netherlands.
Ratings:	The Capital Securities are expected to be rated B+ by Standard & Poor's. Standard & Poor's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Approval, Listing and Admission to Trading:	Application has been made to the CSSF to approve this document as a prospectus and to the Luxembourg Stock Exchange for the listing of the Capital Securities on the Official List of the Luxembourg Stock Exchange and admission to trading on the Luxembourg Stock Exchange's regulated market.
Selling Restrictions:	There are selling restrictions in relation to the United Kingdom, the United States, Canada, Japan and Switzerland see "*Subscription and Sale*" below. The Issuer is Category 2 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended. The TEFRA D Rules shall apply.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities. These include risks relating to the Issuer's business and factors which are material for the purpose of assessing the market risks associated with the Capital Securities. These include the fact that the Capital Securities may not be a suitable investment for all investors and certain market risks, see "Risk Factors" above.
Use of Proceeds:	The proceeds of the issue of the Capital Securities will be applied by the Issuer for its general corporate purposes, which include making a profit and/or hedging certain risks. They will strengthen the Issuer's Tier 1 capital base under a fully loaded CRD IV approach.
Clearing Systems:	Euroclear and Clearstream, Luxembourg
ISIN:	XS1691468026
Common Code:	169146802

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the publicly available audited annual consolidated financial statements of NIBC Bank N.V. for the financial year ended 31 December 2015 as included in the Issuer's Annual Report for the year ended 31 December 2015:

audited annual consolidated financial statements for the financial year ended 31 December 2015	**Page Reference Annual Report 2015**
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(b) the publicly available audited annual financial statements of the Group for the financial year ended 31 December 2015 as included in the Group's Annual Report for the year ended 31 December 2015:

audited annual financial statements of the Group for the financial year ended 31 December 2015	**Page Reference Annual Report 2015**
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(c) the publicly available audited annual consolidated financial statements of NIBC Bank N.V. for the financial year ended 31 December 2016 as included in the Issuer's Annual Report for the year ended 31 December 2016:

audited annual consolidated financial statements for the financial year ended 31 December 2016	**Page Reference Annual Report 2016**
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(d) the publicly available audited annual financial statements of the Group for the financial year ended 31 December 2016 as included in the Group's Annual Report for the year ended 31 December 2016:

audited annual financial statements of the Group for the financial year ended 31 December 2016	**Page Reference Annual Report 2016**
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(e) the Issuer's publicly available report titled "*Condensed Interim Report 2017*" for the first half of the financial year ended 30 June 2017:

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(f) the press release issued by the Issuer on 23 August 2017 entitled "*Moving Ahead: NIBC Bank's net profit nearly doubled to EUR 87 mln in the first half of 2017"* in its entirety;

(g) the Group's publicly available report titled "*Condensed Consolidated Interim Financial Report 2017*" for the first half of the financial year ended 30 June 2017; and

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(h) the English translation of the articles of association of the Issuer, included on page 51-97 of the articles of association of the Issuer.

The documents incorporated by reference in this Prospectus will be published on the website of the LxSE, www.bourse.lu.

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004, as amended (the **Prospectus Regulation**).

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

Introduction

The €200,000,000 Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Securities (the **Capital Securities**, which expression shall in these Terms and Conditions (the **Conditions**), unless the context otherwise requires, include any further capital securities issued pursuant to Condition 18 (*Further Issues*) and forming a single series with the Capital Securities) of NIBC Bank N.V. (the **Issuer**, which expression shall include any substituted debtor or transferee pursuant to Condition 9 (*Statutory Loss Absorption*)) have the benefit of an agency agreement dated the Issue Date (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, Citibank, N.A., London Branch as principal paying agent and agent bank (in such capacity the **Agent** which expression shall include any successor Agent) and any other paying agents appointed pursuant to the Agency Agreement (together with the Agent, the **Paying Agents**, which expression shall include any successor or additional paying agent appointed from time to time in connection with the Capital Securities).

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

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

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

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

1. Definitions

In these Conditions:

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

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

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

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

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

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

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

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

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

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

Applicable Banking Regulations means at any time, the laws, regulations, rules, requirements, standards, guidelines and policies relating to capital adequacy applicable to the Issuer including, without limitation to the generality of the foregoing, those regulations, rules, requirements, standards, guidelines and policies relating to capital adequacy then in effect of the Competent Authority (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer) at such time (and, for the avoidance of doubt, including as at the Issue Date the rules contained in, or implementing, CRD IV, including the CRD Implementation Law (*Implementatiewet richtlijn en verordening kapitaalvereisten*) of 25 June 2014 and the decrees (*besluiten*) and regulations relating thereto).

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.

Business Day means:

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

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

Calculation Amount means, initially €1,000 in principal amount of each Capital Security, or, following adjustment (if any) downwards or upwards to Condition 8 (*Principal Write-down and Principal Write-up*), the amount resulting from such adjustment.

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

Capital Securities has the meaning given in the Introduction.

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

Competent Authority means the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other or successor authority that is responsible for prudential supervision and/or empowered by national law to supervise the Issuer and the Group as part of the supervisory system in operation in The Netherlands.

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

Couponholders has the meaning given in the Introduction.

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

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) or such other directive as may come into effect in place thereof.

CRD IV Implementing Measures means any regulatory capital rules implementing the CRD IV Directive or CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards or

implementing technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Competent Authority, European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a sub-consolidated or consolidated basis).

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

Discretionary Temporary Write-down Instruments means, at any time, any instrument (other than the Capital Securities and Junior Obligations) issued directly or indirectly by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer on a sub-consolidated or consolidated basis, (b) has had all or some of its principal amount written-down and (c) has terms providing for a write-up or reinstatement of its principal amount, at the relevant issuer's discretion, upon reporting a net profit.

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

euro or **€** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

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

First Call Date means 15 October 2024.

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

Global Capital Security has the meaning given in the Introduction.

Group means NIBC Holding N.V. (together with its consolidated subsidiaries the **Current Consolidated Group**) or any other entity which forms part of the Current Consolidated Group as at the Issue Date (or any successor entity) and which is at the relevant time at the highest level of prudential regulatory consolidation in the group of which the Issuer forms part.

Group CET1 Ratio means, at any time, the ratio of CET1 Capital of the Group to the total risk exposure amount (as referred to in article 92(2)(a) CRR) of Group, expressed as a percentage, all as calculated on a consolidated basis within the meaning of CRR.

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

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

Initial Rate of Interest means 6.00 per cent per annum.

Interest Payment Date means 15 April and 15 October in each year from (and including) 15 April 2018.

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

Issue Date means 29 September 2017.

Issuer CET1 Ratio means, at any time, the ratio of CET1 Capital of the Issuer to the total risk exposure amount (as referred to in article 92(2)(a) CRR) of the Issuer, expressed as a percentage, all as calculated on a sub-consolidated basis.

Junior Obligations means the Ordinary Shares, all other classes of share capital of the Issuer, and the rights and claims in respect of unsecured, subordinated obligations of the Issuer which rank, or are expressed to be ranking, junior to the rights and claims of the Holders in respect of the Capital Securities.

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

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

Margin means 5.564 per cent.

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

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

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

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

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

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

Parity Loss Absorbing Instruments means, at any time, any instrument (other than the Capital Securities and Junior Obligations) issued directly or indirectly by the Issuer

which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer on sub-consolidated or consolidated basis, (b) has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions) and (c) has an identical trigger level as the Capital Securities.

Parity Obligations means the rights and claims in respect of obligations of the Issuer ranking, or expressed to be ranking, *pari passu* with the rights and claims of the Holders in respect of the Capital Securities, including the instruments with ISIN / CUSIP Codes XS0215294512, XS0249580357, XS0269908074 and US62914EAA29/USN6304HVC88 and any obligations qualifying, or expressed to qualify, as Additional Tier 1 Capital.

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

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

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

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

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

Rate of Interest means:

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

(b) in the case of each Interest Period which commences on or after the First Call Date, the sum, converted from an annual basis to a semi-annual basis, of (A) the Reset Rate of Interest applicable to the Reset Period in which that Interest Period falls and (B) the Margin as determined by the Agent in accordance with Condition 4 (*Interest and interest cancellation*).

Resolution Authority means the European Single Resolution Board, the European Central Bank, 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 Capital Securities pursuant to the Applicable Resolution Framework.

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

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

Reset Rate of Interest means, in respect of any Reset Period, the 5-year Mid-Swap Rate determined on the Reset Rate of Interest Determination Date applicable to such Reset Period, as determined by the Agent.

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

Reset Reference Bank Rate means, with respect to a Reset Rate of Interest Determination Date, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Agent at approximately 11:00 a.m. (Central European time) on such Reset Rate of Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Call Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Call Date, 0.244 per cent per annum.

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

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

Screen Page means Reuters screen "ICESWAP2" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the relevant 5-year Mid-Swap Rate.

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

Senior Obligations means (a) the rights and claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Capital Securities), (b) all unsubordinated rights and claims with respect to the repayment of borrowed money, (c) any other unsubordinated rights and claims and (d) all subordinated rights and claims against the Issuer (including in respect of obligations qualifying, or expressed to qualify, as Tier 2 capital under Applicable Banking Regulations) other than (i) Parity Obligations and (ii) Junior Obligations.

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

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

TARGET Settlement Day means any day on which the TARGET System is open for the settlement of payments in euro.

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

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

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

A **Trigger Event** will occur if, at any time, (i) the Issuer CET1 Ratio and/or (ii) the Group CET1 Ratio (as the case may be) is less than 5.125 per cent as determined by the Issuer, the Competent Authority or any agent appointed for such purpose by the Competent Authority.

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

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

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

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

In these Conditions reference to (i) any provisions of law or regulation shall be deemed to include reference to any successor law or regulation, (ii) sub-consolidated basis shall be to the level of solvency supervision within the meaning of article 22 CRR and (iii) consolidated basis shall be to the level of solvency supervision within the meaning of article 11 CRR.

2. Form, Denomination and Title

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

Subject as set out below, title to the Capital Securities and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and the Paying Agents may deem and treat the bearer of any Capital Security or Coupon as the absolute owner thereof (whether or

not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Capital Security, without prejudice to the provisions set out in the next succeeding paragraph.

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

The Capital Securities are issued in denominations of €200,000 and integral multiples of €1,000 in excess thereof up to (and including) €399,000 and can only be settled through the Securities Settlement System in nominal amounts equal to a whole denomination (or a whole multiple thereof).

3. Status of the Capital Securities

3.1 Status

The Capital Securities and Coupons constitute unsecured and deeply subordinated obligations of the Issuer. The rights and claims of the Holders and Couponholders are subordinated as described in Condition 3.2 (*Subordination*).

3.2 Subordination

The rights and claims (if any) of the Holders and Couponholders to payment of the Prevailing Principal Amount of the Capital Securities and any other amounts in respect of the Capital Securities (including any accrued interest or damages awarded for breach of any obligations under these Conditions, if any are payable) shall:

(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*, as modified or re-enacted from time to time, the **Wft**), and for so long as such situation is in force (such situation being hereinafter referred to as a **Moratorium**),

rank, subject to any rights or claims which are mandatorily preferred by law,

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

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

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

By virtue of such subordination, payments to a Holder or Couponholder 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 all Senior Obligations of the Issuer have been satisfied.

3.3 No set-off

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

4. Interest and interest cancellation

4.1 Interest

(a) *Interest rate and Interest Payment Dates*

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

The amount of interest per €1,000 in Original Principal Amount payable on the Interest Payment Date in respect of each Interest Period commencing before the First Call Date, provided there is no Principal Write-down pursuant to Condition 8 (*Principal Write-down and Principal Write-up*) and subject to any cancellation of interest (in whole or in part) pursuant to Condition 4.2 (*Interest cancellation*), will be €30, except for the first Interest Period, commencing on the Issue Date, for which the amount of interest per €1,000 in Original Principal Amount will be €32.62.

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

(b) *Interest Accrual*

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

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

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

(d) *Notifications etc.*

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

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

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

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

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

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

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

4.2 Interest cancellation

(a) *Optional cancellation of interest*

The Issuer may, in its sole discretion (but subject at all times to the requirements for mandatory cancellation of interest payments pursuant to Condition 4.2(b), at any time

elect to cancel any interest payment (in whole or in part) which is otherwise due to be paid (**Optional Cancellation of Interest**).

(b) *Mandatory cancellation of interest*

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

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

(ii) the payment of such interest, including Additional Amounts thereon, where applicable, would cause, when aggregated together with other distributions of the kind referred to in article 3:62b Wft (implementing article 141(2) CRD IV Directive) plus any principal write-ups, where applicable, the Maximum Distributable Amount (if any) then applicable to the Issuer or the Group (as the case may be) to be exceeded; or

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

together the **Mandatory Cancellation of Interest**.

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

As used in these Conditions:

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

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

(b) any losses brought forward, profits which are non-distributable pursuant to applicable Dutch law or the Issuer's articles of association (*statuten*) and sums placed to non-distributable reserves in accordance with applicable Dutch law or the Issuer's articles of association (*statuten*),

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

Maximum Distributable Amount means any maximum distributable amount (*maximaal uitkeerbare bedrag*) relating to the Issuer or the Group (as the case may be)

required to be calculated pursuant to article 3:62b Wft (implementing article 141 CRD IV Directive).

(c) *Notice of cancellation of interest*

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

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

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

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

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

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

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

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

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

5. Payments

(a) *Principal*

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

(b) *Interest*

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

(c) *Global Form*

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

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

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

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

(e) *Deduction for unmatured Coupons*

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

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

that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

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

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

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

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons at any time before the expiry of ten years after the Relevant Date (as defined in Condition 10.1 (*Payment without Withholding*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due. No payments will be made in respect of void Coupons.

(f) *Payments on Business Days*

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

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

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

(h) *Partial payments*

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

6. Redemption and Purchase

6.1 No fixed maturity

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

6.2 Redemption at the Option of the Issuer

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

(a) not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 16 (*Notices*); and

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

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

6.3 Redemption for Taxation Reasons

Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), if, on the occasion of the next payment due under the Capital Securities, a Tax Event has occurred, then the Issuer, after having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 16 (*Notices*) and the Agent (which notice shall, subject as provided in Condition 6.6 (*Conditions for Redemption and Purchase*), be irrevocable) may, at its option, redeem the Capital Securities in whole (but not in part), at any time at their Prevailing Principal Amount together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with these Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

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

Tax Event means that as a result of, or in connection with, any change in, or amendment to, or proposed amendment to, the laws or regulations of, or applicable in,

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

6.4 Redemption upon a Capital Event

Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), upon the occurrence of a Capital Event, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 16 (*Notices*) and the Agent (which notice shall, subject as provided in Condition 6.6 (*Conditions for Redemption and Purchase*), be irrevocable), redeem the Capital Securities, in whole (but not in part), at any time at their Prevailing Principal Amount together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with these Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

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

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

6.5 Purchases

The Issuer or any of its subsidiaries may at their option (but subject to the provisions of Condition 6.6 (*Conditions for Redemption and Purchase*)) purchase Capital Securities (provided that, in the case of definitive Capital Securities, all unmatured Coupons and Talons appertaining thereto are purchased therewith) in the open market or otherwise and at any price, save that any such purchase may not take place within 5 years after the Issue Date unless permitted by Applicable Banking Regulations. Such Capital Securities may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

However, the Issuer or any agent on its behalf shall have the right at all times to purchase the Capital Securities for market-making purposes, provided that (a) prior written approval of the Competent Authority shall be obtained where required and (b) the total principal amount of the Capital Securities so purchased does not exceed the

predetermined amount permitted to be purchased for market-making purposes under Applicable Banking Regulations (such predetermined amount not to exceed the limits set forth in article 29(3)(b) of Commission Delegated Regulation (EU) 241/2014)).

6.6 Conditions for Redemption and Purchase

(a) *General conditions for redemption and purchase*

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

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

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

(ii) the Issuer having demonstrated to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRR (or any equivalent or substitute provision under Applicable Banking Regulations), which may include (a) the replacement of the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer or (b) that the own funds of the Issuer would, following such redemption or purchase, exceed its minimum own funds requirements (including any capital buffer requirements) by a margin (calculated in accordance with article 104(3) CRD IV Directive) that the Competent Authority considers necessary at such time;

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

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

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

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

6.7 Cancellations

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

7. Substitution and Variation

7.1 Substitution and variation

Subject to Condition 7.2 (*Conditions to substitution and variation*) and 7.3 (*Occurrence of Trigger Event following notice of substitution or variation*), if a Capital Event or a Tax Event has occurred and is continuing the Issuer may at its option but without any requirement for the consent or approval of the Holders, upon not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 16 (*Notices*) and upon notice to the Agent (which notice shall, subject as provided in Condition 7.3 (*Occurrence of Trigger Event following notice of substitution or variation*), be irrevocable), substitute all (but not some only) of the Capital Securities or vary the terms of all (but not some only) of the Capital Securities provided that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and that such substitution or variation shall not result in terms that are materially less favourable to the Holders (as reasonably determined by the Issuer).

Following such variation or substitution in accordance with the above (and following any substitution for the purpose of Condition 8.4 (*New ISINs*)), the resulting securities shall (1) have a ranking at least equal to that of the Capital Securities, (2) have at least the same interest rate and the same interest payment dates as those from time to time applying to the Capital Securities, (3) have the same redemption rights as the Capital Securities, (4) preserve any existing rights under the Capital Securities to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of variation or substitution, (5) have assigned (or maintain) the same credit ratings as were assigned to the Capital Securities immediately prior to such variation or substitution and (6) be listed on a recognised stock exchange if the Capital Securities were listed immediately prior to such variation or substitution.

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

7.2 Conditions to substitution and variation

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

7.3 Occurrence of Trigger Event following notice of substitution or variation

If the Issuer has given a notice of substitution or variation of the Capital Securities pursuant to Condition 7.1 (*Substitution and variation*) and, after giving such notice but

prior to the date of such substitution or variation (as the case may be), a Trigger Event has occurred, the Issuer shall:

(i) only be entitled to proceed with the proposed substitution or variation (as the case may be) provided that such substitution or variation will not affect the timely operation of the Principal Write-down in accordance with Condition 8.1 (*Principal Write-down*);

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

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

8. Principal Write-down and Principal Write-up

8.1 Principal Write-down

(a) *Trigger Event*

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

(b) *Trigger Event Write-down Notice*

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

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

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

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

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

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

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

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

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

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

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

(d) *Write-down Amount*

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

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

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

The Write-down Amount for each Capital Security will therefore be the product of the amount calculated in accordance with this Condition 8.1(d) per Calculation Amount and the Prevailing Principal Amount of each Capital Security divided by the Calculation

Amount (in each case immediately prior to the relevant Trigger Event Write-down Date).

(e) *Consequences of a write-down or conver*sion

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

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

(f) *No default*

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

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

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

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

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

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

8.2 Principal Write-up

(a) *Principal Write-up*

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

Amount is less than the Original Principal Amount, the Issuer may, at its full discretion but subject to Conditions 8.2(b), 8.2(c) and 8.2(d) increase the Prevailing Principal Amount of each Capital Security (a **Principal Write-up**) up to a maximum of its Original Principal Amount on a *pro rata* basis with the other Capital Securities and with any other Discretionary Temporary Write-down Instruments capable of being written-up in accordance with their terms at the time of the Principal Write-up (based on the then prevailing principal amounts thereof), provided that the Maximum Write-up Amount is not exceeded as determined in accordance with Condition 7.2(c) below.

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

(b) *Maximum Distributable Amount*

A Principal Write-up of the Capital Securities shall not be effected in circumstances which (when aggregated together with other distributions of the Issuer of the kind referred to in article 3:62b Wft (implementing article 141(2) CRD IV Directive)) would cause the Maximum Distributable Amount (if any) to be exceeded, if required to be calculated at such time.

(c) *Maximum Write-up Amount*

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

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

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

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

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

would exceed the Maximum Write-up Amount.

In these Conditions, the **Maximum Write-up Amount** means the Net Profit (i) multiplied by the aggregate issued original principal amount of all Written-Down Additional Tier 1 Instruments, and (ii) divided by the Tier 1 Capital of the Issuer as at

the date when the Principal Write-up is operated, both (i) and (ii) as calculated on a sub-consolidated or consolidated basis (as applicable).

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

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

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

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

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

(f) *Notice of Principal Write-up*

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

8.3 Foreign Currency Instruments

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

8.4 New ISINs

For operational reasons, any Principal Write-Down and any Principal Write-up may require the Securities Settlement System to substitute each Capital Security with a new security of the Prevailing Principal Amount (but otherwise on the same terms) which could be identified by a different international securities identification number (ISIN). Whether the ISIN is to change will be notified to the Holders in accordance with Condition 16 (*Notices*) and will be notified to the Agent.

9. Statutory Loss Absorption

Capital Securities may become subject to the determination by the relevant Resolution Authority or the Issuer (following instructions from the relevant Resolution Authority) that all or part of the principal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be written off or converted into CET1 instruments or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework (**Statutory Loss Absorption**). Upon any such determination:

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

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

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

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

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

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

Upon any write off or conversion of a proportion of the principal amount of the Capital Securities as a result of Statutory Loss Absorption, any reference in these Conditions to principal, nominal amount, principal amount, Original Principal Amount or Prevailing Principal Amount shall be deemed to be to the amount resulting after such write off or conversion.

10. Taxation

10.1 Payment without Withholding

All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Capital Securities will be made free and clear of and without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes or duties is required by law or by the administration or official interpretation thereof at the initiative of the relevant tax authority of the Issuer. In that event, the Issuer will pay such additional amounts (**Additional Amounts**) as shall be necessary in order that the net amounts received by the Holders or Couponholders after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Capital Securities or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Capital Security or Coupon:

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

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

(c) presented for payment 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 Business Day.

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

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

10.2 Additional Amounts

Any reference in these Conditions to any amounts (including any payments or cancellation of interest) in respect of the Capital Securities shall be deemed also to include any Additional Amounts which may be payable under this Condition 10 (*Taxation*).

11. Prescription

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

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

12. Limited Remedies in case of Non-Payment

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

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

(i) the Issuer is declared bankrupt (*failliet*), or a declaration in respect of the Issuer is made under article 3:163(1)(b) 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 Capital Securities,

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

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

13. Replacement of Capital Securities, Coupons and Talons

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

14. Agent and Paying Agents

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

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

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

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

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

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 or more than 45 days' prior notice thereof shall have been given by the Issuer to the Holders in accordance with Condition 16 (*Notices*).

15. Exchange of Talons

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

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

16. Notices

All notices regarding the Capital Securities shall be published (i) in at least one daily newspaper of wide circulation in The Netherlands, which is expected to be *Het Financieele Dagblad*, and (ii) in a leading English language daily newspaper of general circulation in London, which is expected to be the *Financial Times* and (iii) for so long as the Capital Securities are listed on the Luxembourg Stock Exchange and the Luxembourg Stock Exchange so requires, by publication either on the website of the

Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe and through a press release which will also be made available on the website of the Issuer (www.nibc.com). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made.

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

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

17. Meetings of Holders and Modification

17.1 Meetings of Holders

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

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

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

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

17.2 Modification

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

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

(b) any modification of the Capital Securities, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer (acting reasonably), of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law; or

(c) effect a combination between the Group and the Issuer, by way of a legal merger or demerger (*juridische fusie of splitsing*), a transfer of assets and liabilities or otherwise and make any modification of the Capital Securities, the Coupons or the Agency Agreement which follows from such a combination, provided that such modification shall, in the sole opinion of the Issuer, not result in terms that are materially less favourable to the Holders (as reasonably determined by the Issuer).

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

18. Further Issues

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

19. Governing Law and Submission to Jurisdiction

19.1 Governing Law

The Capital Securities, the Coupons and the Talons, any non-contractual obligations arising out of or in connection therewith and the choice of court agreement included in

Condition 19.2 (*Jurisdiction*) are governed by, and shall be construed in accordance with, the laws of The Netherlands.

19.2 Jurisdiction

The Issuer irrevocably agrees, for the benefit of the Holders, the Couponholders and holders of Talons, that the courts of Amsterdam are to have exclusive jurisdiction to settle any disputes (**Dispute**) which may arise out of or in connection with the Capital Securities, the Coupons and/or the Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Capital Securities, the Coupons and/or the Talons) and accordingly submits to the exclusive jurisdiction of the Amsterdam courts.

19.3 Right to take proceedings outside The Netherlands

Condition 19.2 (*Jurisdiction*) is for the benefit of the Holders, the Couponholders and holders of Talons only. As a result, nothing in this Condition 19 (*Governing Law and Submission to Jurisdiction*) prevents any Holder, Couponholder or holder of Talons from taking proceedings relating to a Dispute (**Proceedings**) in any other competent courts with jurisdiction. To the extent allowed by law, the Holders, the Couponholders or the holders of Talons may take concurrent Proceedings in any number of jurisdictions.

FORM OF THE CAPITAL SECURITIES

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

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

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

Whilst any Capital Security is represented by the Temporary Global Capital Security and subject to TEFRA D selling restrictions, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Capital Security are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear or Clearstream, Luxembourg and Euroclear or Clearstream, Luxembourg have given a like certification (based on the certifications they have received) to the Agent.

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

So long as the Capital Securities are represented by a Temporary Global Capital Security or a Permanent Global Capital Security and the relevant clearing system(s) so permit, the Capital Securities will be tradable only in the minimum authorised denomination of €200,000 and higher integral multiples of €1000, notwithstanding that no Definitive Capital Securities will be issued with a denomination above €399,000.

The Permanent Global Capital Security will be exchangeable (free of charge), in whole but not in part, for security printed Definitive Capital Securities with interest coupons or coupon sheets and talons attached. Such exchange may be made only upon the occurrence of an Exchange Event and if permitted by applicable law. An **Exchange Event** means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Holders in accordance with Condition 16 (*Notices*) upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event any person who is at any time shown as accountholder in the records of Euroclear and/or Clearstream, Luxembourg as persons holding a principal amount of interest in the Permanent Global Capital Security may give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date on which the relevant notice is received by the Agent. The Temporary Global Capital Security, the Permanent Global Capital Security and Definitive Capital Securities will be issued pursuant to the Agency Agreement.

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

A Capital Security may be accelerated by the holder thereof in limited circumstances described in Condition 11 (*Enforcement*). In such circumstances, where any Capital Security is still represented by a Global Capital Security and a holder of such Capital Security so represented and credited to his account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Capital Security, unless within a period of 15 days payment has been made in full of the amount due in accordance with the terms of such Global Capital Security, holders of interests in such Global Capital Security credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear or Clearstream, Luxembourg on and subject to the terms of the relevant Global Capital Security.

USE OF PROCEEDS

The proceeds of the issue of the Capital Securities will be applied by the Issuer for its general corporate purposes, which include making a profit and/or hedging certain risks. They are expected to be included in the Issuer's Tier 1 capital base under a fully loaded CRD IV approach.

DESCRIPTION OF THE ISSUER

Information about the Issuer

General

The Issuer is a 100 per cent. subsidiary of NIBC Holding N.V., which in turn is owned by a consortium of international financial institutions and investors organised by J.C. Flowers and Co. The Issuer has various subsidiaries for investment or structured finance purposes, none of which individually entail substantial economic activities of the Issuer. The Issuer is not dependent on any other entities in the group.

The issued share capital of the Issuer is legally and beneficially owned and controlled directly by NIBC Holding N.V., a public limited liability company incorporated in The Netherlands with registered number 27282935. The rights of NIBC Holding N.V. as a shareholder in the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed by its Directors in accordance with those articles of association and with the provisions of the laws of The Netherlands.

Profile

The Issuer is a Dutch bank with Corporate Banking activities and Retail Banking activities. In Corporate Banking it offers advice and debt, mezzanine and equity financing solutions to entrepreneurs across select sectors and sub-sectors in which we have strong expertise and market positions among mid-sized businesses, predominantly in The Netherlands, Germany and the United Kingdom. In Retail Banking it offers residential mortgages, online savings and investment brokerage products, via NIBC Direct in The Netherlands, Germany and Belgium.

History and Development of the Issuer

The Issuer was established on 31 October 1945 as Maatschappij tot Financiering van Nationaal Herstel by the Dutch government along with a number of commercial banks and institutional investors to provide financing for the post-World War II economic recovery of The Netherlands. This entity was renamed De Nationale Investeringsbank (**DNIB**) in 1971 and was listed on the Dutch stock exchange, now Euronext Amsterdam, from 1986 to 1999. During this time DNIB focused on providing and participating in long-term loans and private equity investments.

In 1999, two of Europe's largest pension funds, *Algemeen Burgerlijk Pensioenfonds* (**ABP**) and *Stichting Pensioenfonds voor de Gezondheid, Geestelijke en Maatschappelijke Belangen* (**PGGM**), made a public offer for the shares of DNIB through a new joint venture, named NIB Capital N.V. (**NIB Capital**). They acquired an 85 per cent. stake, leaving the Dutch government with a minority interest of approximately 15 per cent. NIB Capital acquired these remaining shares from the Dutch state in May 2004. The acquisition and change of name to NIB Capital in 1999 marked the beginning of the Issuer's evolution from what was essentially a long-term lending bank to an enterprising bank providing advisory, financing and investment services.

In December 2005, a consortium of international financial institutions and investors organised by J.C. Flowers & Co. and ultimately controlled by New NIB Ltd., a company incorporated under the laws of Ireland (**New NIB Ltd**) (collectively, the **Consortium**) purchased all of the outstanding equity interests of NIB Capital.

In connection with this acquisition, NIBC Holding N.V. was formed and NIB Capital became its wholly-owned subsidiary and changed its name from "NIB Capital N.V." to "NIBC N.V.". NIBC N.V. subsequently merged (as the disappearing entity) into NIBC Holding N.V. As a

result, NIBC N.V.'s subsidiary, NIB Capital Bank N.V. (the **Issuer**) became a direct subsidiary of NIBC Holding N.V. The Issuer subsequently changed its name from "NIB Capital Bank N.V. to NIBC Bank N.V.

The Issuer is a Dutch public limited liability company incorporated on 31 October 1945, with corporate seat in The Hague, The Netherlands and is registered at the Dutch Chamber of Commerce under number 27032036. The Issuer's registered office is located at Carnegieplein 4, 2517 KJ Den Haag, The Netherlands, telephone: +31703425425. The Issuer is in compliance with the applicable corporate governance regulations of The Netherlands.

Issuer's Authorised and Issued Share Capital

As at the date of this Prospectus, the Issuer's authorised share capital is EUR 214,900,000.00 and the Issuer's issued share capital is EUR 80,111,096.32 (fully paid up).

Ratings

The current ratings of the Issuer are as follows:

Standard & Poor's Credit Market Services Europe Limited

Issuer Rating			
Long-term	**Subordinated long-term**	**Short-term**	**Outlook/Watch**
BBB-	BB	A-3	Positive

Fitch Ratings Limited

Issuer Rating			
Long-term	**Subordinated long-term**	**Short-term**	**Outlook/Watch**
BBB-	N/A	F-3	Positive

Standard and Poor's and Fitch are established in the European Union and are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Business Overview

The Issuer is organised around two main activities: *Corporate Banking* and *Consumer Banking*. Indispensable to these activities are Treasury, Risk Management and Corporate Center.

Corporate Banking activities cover advice, financing and co-investment provided primarily to medium-sized companies and, via NIBC Markets, capital market solutions, equity and fixed income brokerage, research and execution services for independent asset managers. Corporate Banking activities predominantly focus on the Benelux, Germany and the United Kingdom.

Consumer Banking activities include activities relating to residential mortgages and online savings products via NIBC Direct in The Netherlands, Germany and Belgium.

Treasury is responsible for adequately funding the Issuer's assets and managing the interest, currency and liquidity position of the Issuer.

Risk Management is responsible for the identifying, measuring, managing and reporting of financial, legal, compliance and operational risk on a bank-wide basis.

Corporate Center provides essential support in areas such as Finance & Tax, Internal Audit, ICT & Operations, Human Resources and Corporate Communications.

Subsidiaries

The Issuer operates globally through a number of wholly and partly owned subsidiaries. The principal subsidiaries are the following:

Parnib Holding N.V., The Netherlands; Counting House B.V., The Netherlands; B.V. NIBC Mortgage Backed Assets, The Netherlands; NIBC Principal Investments B.V., The Netherlands; NIBC Financing N.V., The Netherlands; NIBC Markets N.V., The Netherlands and NIBC-Bank Deutschland AG, Germany.

Funding

The activities of the Issuer are principally funded by the Issuer itself, via its retail savings programme in both the domestic and international markets. The Issuer is a long time frequent borrower on the international capital markets. One of the Issuer's primary sources of funding is the issuance of debt securities under a euro medium term note programme, both through private placements and public offerings. The debt securities issued are placed predominantly with investors in the Benelux countries, Germany, the United Kingdom, and other European countries, although substantial amounts are also placed outside those countries.

One of the cornerstones of the Issuer's liquidity risk management framework is to maintain a comfortable liquidity position at all times. This means that the Issuer should have the ability to meet its financial obligations even if the Issuer is not able to raise any new funding over a longer period. The Issuer aims to maintain its sound liquidity position by having a prudent and conservative liquidity and funding policy, as well as by diversifying its funding sources. In order to realise diversification of funding sources the Issuer started with an internet based retail savings programme (www.nibcdirect.com) in September 2008. In addition, the Issuer established a new covered bond programme (backed by Dutch residential mortgages) in 2013 and has several other secured funding initiatives. The Issuer is also a frequent issuer of Residential Mortgage Backed Securities (**RMBS**) via its Dutch Mortgage-Backed Security (**DMBS**), Essence and Sound programmes. In July 2014 the Issuer set up a new Euro Commercial paper Programme. In June 2017 the Issuer updated its euro medium term note programme.

Risk Management

The Risk management, Legal, Compliance & Corporate Social Responsibility (**RLCC**) strategic business unit, headed by the Chief Risk Officer (**CRO**), includes all second line of defence functions and consists of around 60 people. Formal authority and decision-making is delegated by the Managing Board (as defined below) to the Risk Management Committee (**RMC**), the Transaction Committee (**TC**), the Asset & Liability Committee (**ALCO**), the Investment Committee (**IC**) and the Engagement Committee (**EC**). These committees ensure that

assessment and acceptance of risks and exposures is made independently of the business originators within the operating segments. The members of these committees are representatives from risk management and from the business.

The RMC monitors the overall risk appetite and risk profile at a strategic level, evaluates new activities and products on client suitability and the bank's operational and risk management capabilities and reviews risks at portfolio level, sets country risk and sector limits, approves acceptance policies and guidelines and new products and manuals. The RMC monitors all risk types at bank-wide level and sets the relevant policies. Furthermore, the RMC approves the Corporate Social Responsibility (CSR) policy of NIBC.

The ALCO oversees the development of NIBC's balance sheet and market risk profile. It monitors market risks, exposure to interest rate- and currency risk, the capital structure and the liquidity position. The ALCO also approves large funding transactions such as securitisations and sets overall limits on market risk exposures.

The TC, NIBC's credit committee, decides on individual senior debt transactions, including terms and conditions for lending and the acceptance of derivative counterparty exposures and underwriting opportunities. It also assesses opportunities for potential subsequent distribution of the assets. The TC sets counterparty exposure limits, monitors exposure and decides on impairments.

The IC is responsible for investment risk decisions. The IC approves transactions with respect to equity, investment loans and subordinated debt exposures, as well as impairments and (r)evaluations for these assets. Investment decisions of the Funds are made by the Investment Committees of the various Funds.

The EC's main focus is to prevent potential commercial conflicts of interest and compliance issues by evaluating potential assignments for clients.

Overlap of committee membership among members of the Managing Board (as defined below) contributes to consistency in communication and decision-making.

The risk committees are supported by a robust risk management organisation, which focuses on the daily monitoring and management of the risks NIBC is exposed to. These departments are Credit Risk Management, Restructuring & Distressed Assets, Market Risk Management, Risk Analytics & Model Validation, Financial Markets Credit Risk, Credit Modelling & Portfolio Management and Operational Risk Management.

Administrative, Management and Supervisory Bodies

Members of the Managing Board

As at the date of this Prospectus, the members of the board of managing directors of the Issuer (the **Managing Board**) are the following persons:

P.A.M. de Wilt, Chairman, Chief Executive Officer
H.H.J. Dijkhuizen, Vice-chairman, Chief Financial Officer
R.D.J. van Riel, Chief Risk Officer

The members of the Managing Board may be contacted at the registered address of the Issuer, at Carnegieplein 4 2517 KJ The Hague, The Netherlands, telephone number +31 (0) 70 342 5425.

The Managing Board members have no significant activities outside the Issuer that are significant with respect to the Issuer. There are no potential conflicts of interests between any

duties to the Issuer of any Managing Board members and their private interests and/or other duties.

Supervisory Board

As at the date of this Prospectus, the members of the board of supervisory directors (the **Supervisory Board**) are the following persons:

W.M. van den Goorbergh (Chairman)
D.M. Sluimers (Vice-chairman)
M.J. Christner (member)
J.C. Flowers (member)
A. de Jong (member)
A.H.A. Veenhof (member)
K.M.C.Z. Steel (member)

The members of the Supervisory Board may be contacted at the registered address of the Issuer, at Carnegieplein 4, 2517 KJ The Hague, The Netherlands, telephone number +31 (0) 70 342 5425.

The Supervisory Board members have no activities outside the Issuer that are significant with respect to the Issuer. There are no potential conflicts of interests between any duties to the Issuer of any Supervisory Board members and their private interests and/or other duties.

Managing Board and Supervisory Board

The articles of association of the Issuer provide for management to be carried out by the Managing Board under the supervision of the Supervisory Board.

The Supervisory Board consists of at least three natural person members including a Chairman and a Vice-chairman. The Supervisory Board is responsible for supervising and assisting the Managing Board in the management of the Issuer by giving advice and overseeing the general business of the Issuer. The Managing Board consults the Supervisory Board about all important matters concerning the Issuer's general policies. The members of the Supervisory Board are appointed on the nomination of the Supervisory Board, by the general meeting of shareholders or by the Supervisory Board pursuant to article 26.1 of the Issuer's articles of association. The Supervisory Board may appoint a secretary, who does not have to be a member of that Board. The members of the Supervisory Board are appointed for a maximum term of four years and may be re-appointed. The members of the Supervisory Board may be suspended or dismissed by the general meeting of shareholders. Remuneration of each Supervisory Board member is established by the general meeting of shareholders.

The Managing Board consists of at least two members including a Chairman and a Vice-chairman. The Managing Board is responsible for the day to day operations of the Issuer. The Chairman of the Managing Board and the other members of this Board are appointed, suspended or dismissed by the Supervisory Board. Members of the Managing Board are appointed for a period not exceeding four years and can be reappointed each time for a period not exceeding four years. In the event of a contemplated appointment or dismissal, the Supervisory Board shall enable the general meeting of shareholders to render advice in connection with such appointment or dismissal. Remuneration of each Managing Board member is set by the Supervisory Board with due observance of the Issuer's remuneration policy.

All members of the Supervisory Board are non-executive directors. All members of the Managing Board are executive directors and do not perform principal activities outside the Issuer that are significant with respect to the Issuer.

The business address of each of the above mentioned Directors is Carnegieplein 4, 2517 KJ The Hague, The Netherlands. The abovementioned persons are members of the Supervisory Board and Managing Board (as applicable) of both NIBC Holding N.V. and NIBC Bank N.V.

Audit Committee

The members of the audit committee are Mr. D.M. Sluimers (Chairman), Ms. K.M.C.Z. Steel, Mr. M.J. Christner and Mr. W.M. van den Goorbergh (the **Audit Committee**). The Audit Committee assists the Supervisory Board in monitoring the Issuer's systems of financial risk management and internal control, the integrity and content of the financial reporting process. The Audit Committee also advises on corporate governance and internal governance related topics. Relevant topics in which the Audit Committee is involved include, but are not limited to: loan loss provisions, cost efficiency, the acquisition of SNS Securities (renamed NIBC Markets), IFRS9 and risk related topics.

In 2016, the Audit Committee extensively reviewed the Issuer's quarterly financial highlights, half-yearly and annual financial reports including related press releases. The Audit Committee discussed the draft reports of the external auditor, including the report of the Management Board, before review by the Supervisory Board. The Audit Committee discussed the Issuer's financial performance in depth, the development of the Issuer's net interest income combined with low interest rates, business growth and the development of spreads and cost/income ratios. Furthermore, the Audit Committee reviewed the Issuer's liquidity and its funding profile, including senior unsecured issuance and covered bonds issuance, and the development of related liquidity and solvency ratios.

The Audit Committee took notice of and discussed the Issuer's communication and consultation with DNB. Furthermore the Audit Committee considered the (preliminary) results of the supervisory review and evaluation process (SREP) and on-site examinations conducted by DNB, including asset quality review (AQR) on the Bank's corporate loan portfolio.

The Audit Committee monitored the status quo of the Issuer's information technology. The Issuer's Information Technology environment drastically changed over the past years including increased use of third party outsourcing, to further professionalize the use of Information Technology.

Internal audit

The Audit Committee discussed the annual plan and quarterly reports of internal audit, and evaluated the functioning of internal audit. Both the internal auditor and external auditor reported on the quality and effectiveness of governance, internal control and risk management.

External audit

For 2016, the Issuer appointed new independent external auditors, following the decision made by the annual general meeting of shareholders in 2015. The Audit Committee took care of the transition work from the former to the new external auditor and conducted an exit valuation of the former external auditor. The Audit Committee also approved the annual audit plan of the newly appointed external auditor.

The external auditors were represented at all meetings of the Audit Committee in 2016. The Audit Committee met five times in 2016 in which members of the Managing Board were present at four out of five meetings.

ADDITIONAL FINANCIAL INFORMATION

Condensed consolidated balance sheet (in millions of euros)

The table below sets forth the Issuer's condensed consolidated balance sheet as of 30 June 2017. The information set out below is unaudited.

Assets

	30 June 2017 (in millions of EUR)
Financial assets at amortised cost	
Cash and balances with central banks	1,790
Due from other banks	1,594
Loans	7,977
Residential mortgages own book	3,977
Debt investments	95
Financial assets available-for-sale	
Loans on group companies	29
Equity investments	41
Debt investments	874
Financial assets at fair value through profit or loss	
Loans	195
Residential mortgages own book	4,345
Securitised residential mortgages	941
Equity investments (including investments in associates)	223
Debt investments	50
Derivative financial assets	1,499
Other	
Investments in associates (equity method)	8
Property, plant and equipment	43
Other assets	88
Total assets	**23,769**

Liabilities

	30 June 2017 (in millions of EUR)
Financial liabilities at amortised cost	
Due to other banks	1,828
Deposits from customers	11,947
Own debt securities in issue	4,532
Debt securities in issue related to securitised mortgages and lease receivables	759
Financial liabilities at fair value through profit or loss (including trading)	
Own debt securities in issue	37
Debt securities in issue structured	613
Derivative financial liabilities	1,499
Other	
Other liabilities	136
Deferred tax	5
Employee benefits	3
Subordinated liabilities	
Amortised cost	117
Fair value through profit or loss	270
Total liabilities	**21,746**
Shareholder's equity	
Share capital	80
Other reserves	386
Retained earnings	1,470
Net profit attributable to parent shareholder	87
Interim and final dividend paid	-
Total parent shareholder's equity	**2,023**
Non-controlling interests	-
Total shareholder's equity	**2,023**
Total liabilities and shareholder's equity	**23,769**

Condensed consolidated income statement (in millions of euros)

The table below sets forth the Issuer's condensed consolidated income statement as of 30 June 2017. The information set out below is unaudited.

	30 June 2017 (in millions of EUR)
Net interest income	177
Net fee and commission income	20
Investment income	27
Net trading income	2
Other operating income	-
Operating income	**226**
Personnel expenses and share-based payments	54
Other operating expenses	39
Depreciation and amortization	3
Regulatory charges and levies	9
Operating expenses	**105**
Impairments of financial assets	12
Impairments of non-financial assets	-
Total expenses	**117**
Profit before tax	**109**
Tax	22
Profit after tax	**87**
Result attributable to non-controlling interests	-
Net profit attributable to parent shareholder	**87**

Description of alternative performance measures

This section provides further information relating to alternative performance measures (**APMs**) for the purposes of the European Securities and Markets Authority (**ESMA**) Guidelines on Alternative Performance Measures (the **APM Guidelines**). The APMs are included in this Prospectus to allow potential holders of the Capital Securities to better assess the Issuer's performance and business and are set out below further clarifications as to the meaning of such measures (and any associated terms).

	H1 2017	2016	2015	2014
Net interest margin, %	1.54	1.44	1.37	1.28

The net interest margin is a measure to display the difference between interest income and the amount of interest paid out to lenders, relative to the amount of interest-earning assets. It is similar to the gross margin (or gross profit margin) of non-financial companies and provides meaningful information on the contribution of Issuer's business to its operating income. It is calculated as the ratio of (i) the net interest income from the last 12 months and (ii) 12 months moving average interest bearing assets. Interest bearing assets equal the total assets from the consolidated balance sheet excluding equity investments, derivatives, investments in associates, property, plant and equipment and other assets. The net interest income reconciles to the income

statement of the Issuer. The average interest bearing assets cannot be directly reconciled with the financial reporting of the Issuer as the monthly figures are not disclosed, however the monthly figures are prepared in accordance with the applicable financial reporting framework.

	H1 2017	2016	2015	2014
Dividend payout ratio, %	35	25	0	0

The dividend payout ratio is the fraction of net income for a period to be paid to the Issuer's shareholders in dividends. It provides meaningful information on the portion of the Issuer's profit that is distributed to its shareholders. The elements of the dividend payout ratio reconcile to the income statement of the Issuer.

	H1 2017	2016	2015	2014
Cost-to-income ratio, %	46	51	56	53

The cost-to-income ratio displays operating expenses as a percentage of operating income. The concept provides meaningful information on the Issuer's operating efficiency. Cost-to-income ratio is calculated as the ratio (i) operating expenses before special items and (ii) operating income before special items. The elements of the cost-to-income ratio reconcile to the income statement of the Issuer.

	H1 2017	2016	2015	2014
Return on equity, %	8.9	5.4	3.9	1.3

Return on equity measures net profit in relation to the book value of shareholder's equity. It provides meaningful information on the performance of Issuer's business, as well as on the Issuer's ability to generate income from the equity available to it. Return on equity is calculated as the ratio of (i) annualised net profit attributable to parent shareholder and (ii) total shareholder's equity at the start of the fiscal year. All elements of the return on equity reconcile to the Issuer's consolidated financial statement.

	H1 2017	2016	2015	2014
Cost of risk, %	0.27	0.6	0.71	1.16

The cost of risk compares the total impairments included in the income statement to the total risk weighted assets. This measure provides meaningful information on Issuer's performance in managing credit losses. The cost of risk is calculated as the ratio of(i) the sum of annualised impairments and the credit losses on the fair value residential mortgages (as part of the net trading income) and (i) total risk weighted assets averaged over the reporting period. With the exception of the credit losses on the fair value residential mortgages, the elements of the cost of risk reconcile to our financial statements and regulatory reporting. The credit losses on the fair value residential mortgages are calculated in accordance with the applicable financial reporting framework and form part of the net trading income.

	H1 2017	2016	2015	2014
Impairment ratio, %	0.14	0.34	0.39	0.63

The impairment ratio compares impairments included in the income statement on corporate and retail loans to the carrying value of these loans. The measure provides meaningful information

on the Issuer's performance in managing credit losses arising from its business. The impairment ratio is calculated as the ratio of (i) the annualized impairments and (ii) the average loans and residential mortgages. All elements of the impairment ratio reconcile to the Issuer's income statement and the consolidated balance sheet.

	H1 2017	2016	2015	2014
NPL ratio, %	2.8	3.8	3.7	3.4

The Non-performing Loans (NPL) ratio compares the non-performing exposure (as defined by the European Banking Authority) of corporate and retail loans to the total exposure of these loans. The measure provides meaningful information on the credit quality of the Issuer's assets. The ratio is calculated by dividing the total of non performing exposure for both corporate loans and residential mortgages by the total exposure for corporate loans and residential mortgages. The elements of the NPL ratio reconcile to the consolidated financial statements and the regulatory reporting of the Issuer.

	H1 2017	2016	2015	2014
Impaired coverage ratio, %	49	33	34	38

The impaired coverage ratio compares impaired amounts on corporate and retail exposures to the total corporate and retail exposures, provides meaningful information on the credit quality of Issuer's assets. The ratio is calculated by dividing the total impairments on corporate loans by the total exposure of impaired corporate loans. The elements of the impaired coverage ratio reconcile to the Issuer's consolidated financial statements.

	H1 2017	2016	2015	2014
Loan-to-deposit ratio, %	146	148	143	154

The loan-to-deposit ratio compares a bank's loans to customers to its deposits from customers. It provides meaningful information on Issuer's funding and liquidity position. The loan-to-deposit ratio is calculated by dividing the total loans and residential mortgages by the deposits from customers. The elements of the loan-to-deposit ratio reconcile to the Issuer's balance sheet.

Capital position and requirements

Based on the Supervisory Review and Evaluation Process (**SREP**) in 2016, NIBC Holding N.V. received a Pillar 2 SREP requirement of 4.0 per cent. and a Pillar 2 guidance, both to be fulfilled by Common Equity Tier 1 (**CET1**) from 1 January 2017. Consequently, NIBC Holding N.V.'s consolidated minimum CET1 ratio (transitional) requirement amounts to 9.75 per cent. for 2017, to which the Pillar 2 guidance is added. This is the sum of 4.5 per cent. Pillar 1 requirement plus 4.0 per cent. Pillar 2 requirement and 1.25 per cent. combined buffer requirement (comprised solely of the capital conservation buffer since no countercyclical capital buffer, systemic relevance buffer or systemic risk buffer are applicable to the Group for the time being) on a transitional basis.

By 2019, the combined buffer requirement will rise to 2.5 per cent. CET1 (comprised of the capital conservation buffer, assuming no countercyclical capital buffer, systemic relevance buffer or systemic risk buffer is applicable to NIBC Holding N.V. at the time). This will bring NIBC Holding N.V.'s consolidated minimum CET1 ratio (fully loaded) requirement amounts to 11.0 per cent. A breach of the minimum requirements would induce constraints, for example in

relation to dividend distributions and coupon payments on certain capital instruments, including the Capital Securities.

NIBC Holding N.V.'s consolidated Tier 1 ratio requirement as from 1 January 2017 amounts to 11.25 per cent. and the consolidated own funds minimum requirement to 13.25 per cent, to which the Pillar 2 guidance is added. In that context, any shortfall in Pillar 1 and Pillar 2 requirement components which would otherwise be made up of Additional Tier 1 capital according to CRR (**AT1**) or Tier 2 up to their respective limits would have to be met with CET1 for an AT1 shortfall and AT1 or CET1 for a Tier 2 shortfall in order to avoid a breach of the Maximum Distributable Amount.

For the Maximum Distributable Amount calculation, the applicable Pillar 1 & Pillar 2 requirements and the combined buffer requirements are taken into account and the same MDA Threshold is expected to apply to NIBC Holding N.V. and to NIBC Bank N.V. Consequently, based on NIBC Holding N.V. and NIBC Bank N.V.'s reported capital ratios, the MDA Buffers as at 30 June 2017 are described in the table below (Source: NIBC Holding N.V. and NIBC Bank N.V. unaudited interim consolidated financial statements as of 30 June 2017).

	As at 30 June 2017		
	CET1 (Transitional/ Fully Loaded)	**Tier 1 (Transitional/ Fully Loaded)**	**Total Capital (Transitional/ Fully Loaded)**
MDA Threshold…….....	9.75%/ 11.0%	11.25%/ 12.5%	13.25%/ 14.5%
NIBC Holding N.V. Ratio…….	18.2%/ 18.1%	18.9%/ 18.1%	20.7%/ 20.7%
NIBC Holding N.V. RWA……		8,867	
NIBC Bank N.V. Ratio…….	20.4%/ 20.3%	21.8%/ 20.3%	25.2%/ 25.3%
NIBC Bank N.V. RWA (€m)…….....		8,773	
NIBC Holding N.V. MDA Buffer (%).....	8.5%/ 7.1%	7.7%/ 7.1%*	7.4%/ 7.1% *
NIBC Bank N.V. MDA Buffer (%).....	10.6%/ 9.3%	10.5%/ 9.3%*	10.5%/ 9.3%*
NIBC Holding N.V. MDA Buffer (€m)....	751/ 627	679/ 627*	660/ 627*
NIBC Bank N.V. MDA Buffer (€m).....	933/ 819	924/ 819*	924/ 819*

(*) Fully Loaded Buffers assume AT1 and Tier 2 are filled, which may or may not always be the case at NIBC Holding N.V. and/ or NIBC Bank N.V. level

Finally, NIBC Holding N.V. and NIBC Bank N.V. have indicated medium term CET1 ratio targets (fully loaded) in excess of 12 per cent. and in excess of 14 per cent., which includes an appropriate management buffer above regulatory requirements.

Available distributable items (**ADI**) of the Issuer as at 31 December 2016 amount to EUR 1,629 million (*Source*: internal data, unaudited).

Expected Impact of IFRS 9

The main impact is expected from the Issuer's intention to reclassify its mortgage portfolio at fair value through profit and loss statement (**FVtPL**) to amortised cost, as this is in line with the hold to maturity business model and with general market practice. This reclassification will result in a one-off loss directly through shareholders' equity. The magnitude of this loss can only be determined at the time of the actual transition to IFRS 9 (1 January 2018), as it will be influenced by development of both credit spreads and interest rates in the remainder of 2017. If the Issuer were to implement IFRS 9 based on the 30 June 2017 figures, the reclassification would have an estimated negative impact on the Issuer's CET1 ratio of approximately 4%. As this reduction of equity at transition date includes the one-sided effect of interest rates, as the

associated hedges remain unadjusted, the impact is materially larger than only the underlying credit revaluation of the related mortgages. This will result in a future positive pull-to-par effect through the income statement over the remaining life of the reclassified portfolio.

In addition to the reclassification of the FVtPL mortgage portfolio, the change from an incurred loss impairment model to an expected credit loss impairment model will impact the required level of loan provisions. The Issuer has used its newly developed models to estimate point-in-time expected credit losses for the positions held per 30 June 2017. Based on these estimates, the Issuer expects a limited transition impact on 1 January 2018 on its CET1 ratio, below the expected market average as reported by EBA in its 'Report on results from the second EBA impact assessment of IFRS 9', as published on 13 July 2017.

Overall, the Issuer expects a reduction of its capital following the transition to IFRS 9, however, this is expected to lead to a CET1 ratio above both its current SREP level requirements and our near-term ambition of >14 per cent CET1 ratio.

SUPERVISION AND REGULATION

General

The Issuer is a bank organised under the laws of The Netherlands. The objectives of the Issuer are general banking and financing activities (see for a detailed description article 2 of the articles of association). The business of the Issuer is highly regulated and supervised by several Dutch regulatory authorities, such as DNB, the AFM and indirectly supervised by the ECB. Under the Wft, the Issuer is required to hold licences for its activities.

Reporting and Investigation

A bank is required to file with DNB its annual financial statements in a form approved by DNB, which includes a balance sheet and a profit and loss statement that have been certified by a qualified auditor in The Netherlands or an equally qualified foreign auditor who is licensed in The Netherlands. In addition, a bank is required to file with DNB quarterly (and some monthly) statements, on a basis established by DNB, which also has the option to demand more frequent reports (including reports certified by a qualified auditor in The Netherlands or an equally qualified foreign auditor who is licensed in The Netherlands). A bank's reports to DNB are required to be truthful and not misleading.

As of 1 January 2005, the consolidated financial statements of the Issuer have been prepared in accordance with IFRS-EU and with Title 9 of Book 2 of the Dutch Civil Code.

Supervision

DNB exercises monetary supervision, supervision with respect to the solvency and liquidity of banks, supervision of the administrative organisation of banks and structure supervision relating to banks. Under Regulation 1024/2013 for the setting up of the single supervisory mechanism (SSM), which entered into force on 4 November 2013, the ECB will directly supervise significant credit institutions. The ECB will work closely with the national competent authorities, including DNB, to supervise all other credit institutions under the overall oversight of the ECB, such as the Issuer. The ECB may decide at any time to take responsibility for a less-significant credit institution directly. the Issuer is under supervision of DNB and is subject to the following general guidelines.

Solvency Supervision

CRD IV was adopted in June 2013. The CRR entered into force on 1 January 2014. The CRD IV Directive was implemented in the Wft as of 1 August 2014. CRD IV requires that a bank maintains own funds instruments in an amount equal to at least eight per cent of its risk weighted assets. CRD IV provides rules on the types of instruments that count towards such eight per cent and the breakdown thereof. In addition, as of 1 January 2016 three additional capital buffers were introduced: a capital conservation buffer, a countercyclical capital buffer and a systemic buffer. CRD IV also imposes limitations on the aggregate amount of claims (including granting credit) a bank may have against one debtor or a group of related debtors.

In addition, under CRD IV competent supervisory authorities, as a result of the SREP, may require additional capital to be maintained by banks relating to elements of risks which are not fully covered by the minimum capital requirements described above or which address macro prudential requirements.

Liquidity Supervision

CRD IV, includes a liquidity framework consisting of the liquidity coverage ratio (**LCR**) and the net stable funding ratio (**NSFR**). The LCR requires that sufficient high quality liquid assets are maintained to meet short-term liquidity needs under gravely stressed conditions for a period of thirty days. The NSFR requires that banks have a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The LCR entered into force on 1 October 2015, whereas the NSFR will fully apply from 2018 onwards.

Structure Supervision

The Wft provides that a bank must obtain a declaration of no objection from DNB before, among other things: (i) acquiring or increasing a qualified holding in a bank, investment firm or insurer with its corporate seat in a state which is not part of the European Economic Area, or in a financial institution which has not been granted a supervisory status certificate if the balance sheet total of that bank, investment firm, insurer, or financial institution at the time of the acquisition or increase amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (ii) acquiring or increasing a qualified holding in an enterprise, not being a bank, investment firm or insurer with its corporate seat in The Netherlands or in a state which is part of the European Economic Area or in a state which is not part of the European Economic Area, if the amount paid for the acquisition or increase, together with the amounts paid for a previous acquisition or increase of a holding in such enterprise, amounts to more than 1 per cent. of the consolidated own funds of the bank, (iii) taking over all or a major part of the assets and liabilities of another enterprise or institution, directly or indirectly, if the total amount of the assets or the liabilities to be taken over amounts to more than 1 per cent. of the bank's consolidated balance sheet total, (iv) merging with another enterprise or institution if the balance sheet total thereof amounts to more than 1 per cent. of the bank's consolidated balance sheet total or (v) proceeding with a financial or corporate reorganisation. For purposes of the Wft, *qualified holding* is defined to mean the holding, directly or indirectly, of an interest of more than 10 per cent. of the issued share capital or voting rights in an enterprise or institution, or a similar form of control. In addition, a bank shall require the prior permission of DNB to do either or both of the following: (a) reduce, redeem or repurchase CET1 instruments issued by the institution in a manner that is permitted under applicable national law; (b) effect the call, redemption, repayment or repurchase of Additional Tier 1 instruments or Tier 2 instruments as applicable, prior to the date of their contractual maturity.

Any person is permitted to hold, acquire or increase a qualified holding in a bank, or to exercise any voting power in connection with such holding, only after such declaration of no objection has been obtained.

Administrative supervision

DNB also supervises the administrative organisation of the individual banks, their financial accounting system and internal controls. The administrative organisation must be such as to ensure that a bank has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud. As part of the supervision of the administrative organisation, DNB has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of inside information.

Emergencies

The Wft contains an emergency regulation (*noodregeling*) which can be declared in respect of a bank by a Dutch court at the request of DNB if such bank 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 bank. Furthermore, the emergency regulation provides for special measures for the protection of the interests of the creditors of the bank. A bank can also be declared in a state of bankruptcy by the court.

Dutch Intervention Act

On 13 June 2012, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) entered into force. Under this Act, the Dutch Minister of Finance is granted substantial powers to deal with ailing Dutch banks, insurance companies and special purpose vehicles for risk acceptance (each a **relevant entity**) and financial enterprises (*financiële onderneming*) (which in addition to relevant entities includes collective investment schemes, investment firms and custodians of pension funds) respectively.

The powers of the Dutch Minister of Finance include taking measures intended to safeguard the stability of the financial system as a whole. The Dutch Minister of Finance may with immediate effect take these measures if in the Minister's opinion the stability of the financial system is in serious and immediate danger as a result of the situation in which a financial enterprise finds itself. Possible measures include an expropriation of assets or securities issued by or with the consent of the financial enterprise or its parent, in each case if it has its corporate seat in The Netherlands. The Minister may also suspend voting rights or board members. In taking these measures, provisions in Dutch statute and articles of association may be set aside.

The measures that can be taken by the Minister of Finance are intended to form the last resort and may therefore only be used if other measures would not work, would no longer work, or would be insufficient. In addition, to ensure the measures are not taken lightly, the Minister of Finance must consult with DNB in advance of taking a measure and the Dutch Prime Minister must agree with the decision to intervene. The Minister of Finance must further inform the AFM of his intentions, whereupon the AFM must give an instruction to Euronext Amsterdam N.V. to stop the trading in any securities that are expropriated. In the case of expropriation, the beneficiary of the relevant asset will be compensated for the damage that is directly and necessarily resulting from the expropriation. There can be no assurance that creditors will be able to recover compensation promptly or equal to any loss actually incurred.

The exercise of acceleration, early termination and other rights (including the right to request collateral and the right to set-off or net), could impair the effectiveness of the supervisory measures introduced by the Dutch Intervention Act. Therefore, the Dutch Intervention Act provides that such rights, to the extent they are triggered by the preparation or implementation of the measures introduced by the Dutch Intervention Act, cannot be exercised. Exceptions are made in respect of rights resulting from the finality directive and financial collateral arrangements. These provisions apply regardless of the law governing the contractual arrangement and extend to group companies of banks and insurance companies.

BRRD and SRM

As of 1 January 2015, all EU Member States must apply a single rulebook for the resolution of banks and large investment firms, as prescribed by the BRRD and the SRM Regulation. The BRRD (including the bail-in provisions) have been implemented in the Wft with effect from 26 November 2015.

The measures set forth in the BRRD are available to regulators in cases where an institution does not meet or is likely to not meet the requirements of CRD IV. This gives regulators powers to write down debt or to convert such debt into equity and to allow institutions to continue as a going concern subject to appropriate restructuring. Directions on when and whether the intervention measures in the BRRD can be considered and applied are set forth in the Guidelines. It is possible that pursuant to the BRRD or other resolution or recovery rules which may in the future be applicable to the Issuer (including, but not limited to, CRD IV and the EU Banking Reform Proposals), new powers may be granted by way of statute to DNB and/or any other relevant authority which could be used in such a way as to result in debt, including the Capital Securities, absorbing losses.

Closely coupled with the BRRD is the SRM established by the SRM Regulation. The SRM applies as of 1 January 2015 to all banks that are subject to the SSM, and the SSM applies to all banks in the Eurozone and in certain other participating member states and establishes the ECB as the single bank supervisory authority.

The powers provided to resolution authorities in the BRRD and SRM include write down and conversion powers to ensure relevant capital instruments (including the Capital Securities and other capital instruments issued by the Issuer) fully absorb losses at the point of non-viability of the issuing institution, as well as a bail-in tool comprising a more general power for resolution authorities to write down the claims of unsecured creditors of a failing institution and/or to convert unsecured debt claims to equity if the other conditions for resolution are met. Holders will have no further claims in respect of any amount so written off, converted or otherwise applied as a result thereof.

Reference is also made to "*Risk Factors – "Dutch Intervention Act" and "Risk Factors - BRRD and SRM*".

TAXATION

The following is a general description of certain Dutch tax considerations relating to the Capital Securities. It does not purport to be a complete analysis of all tax considerations relating to the Capital Securities whether in those countries or elsewhere. Prospective purchasers of Capital Securities should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of The Netherlands of acquiring, holding and disposing of Capital Securities and receiving payments of interest, principal and/or other amounts under the Capital Securities. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Capital Securities, or any person through which an investor holds Capital Securities, of a custodian, collection agent or similar person in relation to such Capital Securities in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

THE NETHERLANDS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Capital Securities or Coupons, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Withholding Tax" below it is assumed that the Capital Securities qualify as Additional Tier 1 Capital under 52, paragraph 1 CRR. If the Capital Securities would not qualify as such, the Capital Securities may be treated as equity for Dutch tax purposes (and not as a debt instrument), whereby interest payments could be viewed as profit distributions subject to (dividend) withholding tax (dividendbelasting) at a rate of 15%.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a Holder, being an individual or a non-resident entity, does not have nor will have a substantial interest (aanmerkelijk belang), or - in the case of such Holder being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the Holder has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) 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. 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, an individual holding Capital Securities or an entity holding Capital Securities, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Capital Securities or otherwise being regarded as owning Capital Securities for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of Capital Securities or Coupons.

1. WITHHOLDING TAX

All payments made by the Issuer of interest and principal under the Capital Securities can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

2. TAXES ON INCOME AND CAPITAL GAINS

Residents

Resident entities

An entity holding Capital Securities 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 the Capital Securities at the prevailing statutory rates.

Resident individuals

An individual holding Capital Securities who is or is deemed to be a resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from the Capital Securities 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 condition (ii) above applies, an individual that holds the Capital Securities, must determine taxable income with regard to the Capital Securities on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Capital Securities will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30%.

Non-residents

A Holder which is not, and is not deemed to be a resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from the Capital Securities 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 derives profits from such enterprise (other than by way of Capital 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 Capital Securities by way of gift by, or on the death of, a Holder, unless:

(i) such Holder 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 in respect of payments in consideration for the issue of the Capital Securities or in respect of the payment of interest or principal under the Capital Securities or the transfer of Capital Securities.

5. OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a Holder in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Capital Securities or the performance of the Issuer's obligations under the Capital Securities.

6. RESIDENCE

A Holder will not be and will not be deemed to be resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Capital Securities or the execution, performance, delivery and/or enforcement of Capital Securities.

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

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

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

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

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

Prospective holders of the Capital Securities are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and Morgan Stanley & Co. International plc (the **Joint Bookrunners**) and, in its capacity as joint lead manager, NIBC Bank N.V. (together with the Joint Bookrunners, the **Managers**) have, pursuant to a subscription agreement dated 27 September 2017 (the **Subscription Agreement**), jointly and severally agreed with the Issuer upon the terms and subject to the satisfaction of certain conditions, to subscribe the Capital Securities at an issue price of 100 per cent of their principal amount. The Issuer will pay a combined selling, management and underwriting commission, will reimburse the Managers in respect of certain of their expenses and has agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Capital Securities. The Subscription Agreement may be terminated in certain circumstances prior to the closing of the issue of the Capital Securities.

Some of the Managers and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

SELLING RESTRICTIONS

United States

The Capital Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the previous sentence have the meanings given to them by Regulation S under the Securities Act.

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in the previous sentence have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver any Capital Securities within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Capital Securities (the **distribution compliance period**), as determined and certified to the Agent by such Manager (or in the case of a sale of Capital Securities to or through more than one Manager, by each of such Managers as to the Capital Securities purchased by or through it, in which case the Agent shall

notify each such Joint Lead Manager when all such Joint Lead Managers have so certified), and it will have sent to each other manager or person receiving a selling concession, fee or other remuneration to which it sells Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. Each Manager has further represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to the Capital Securities, and it and they have complied and will comply with all of the offering restrictions of Regulation S of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of the Capital Securities, an offer or sale of Capital Securities within the United States by any manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act if such offer is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 of England and Wales (the **FSMA**) received by it in connection with the issue or sale of any Capital Securities in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

Canada

The Capital Securities may be sold 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 Capital Securities 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 Prospectus (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.

Japan

The Capital Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and, accordingly, each Manager has represented and agreed that it will not offer or sell any Capital Securities directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, **resident of Japan** means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Capital Securities described herein. The Capital Securities 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 Prospectus nor any other offering or marketing material relating to the Capital Securities constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Prospectus nor any other offering or marketing material relating to the Capital Securities may be publicly distributed or otherwise made publicly available in Switzerland. None of this Prospectus, any other offering or marketing material relating to the offering, the Issuer or the Capital Securities have been or will be filed with or approved by any Swiss regulatory authority. The Capital Securities are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Capital Securities will not benefit from protection or supervision by such authority.

General

Each of the Managers has represented and agreed that (to the best of its knowledge and belief) it will comply with all applicable laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers any Capital Securities or any interest therein or possesses or distributes this Prospectus or any other offering material relating to the Capital Securities and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of any Capital Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Manager shall have responsibility therefore. In addition, each Manager has represented and agreed that it will not directly or indirectly offer, sell or deliver any Capital Securities or distribute or publish this Prospectus or any other offering material relating to the Capital Securities in or from any jurisdiction except under circumstances that will not impose any obligations on the Issuer or any other Managers.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands or Luxembourg in connection with the issue and performance of the Capital Securities. The creation and issue of the Capital Securities was authorised by resolutions of the management board of the Issuer passed in The Netherlands on 25 September 2017.

Approval, Admission to Trading and Listing

Application has been made to the CSSF to approve this document as a prospectus. Application has also been made to the Luxembourg Stock Exchange for the Capital Securities to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive.

The costs to the Issuer in connection with the listing of the Capital Securities on the Official List of the Luxembourg Stock Exchange and admission to trading of the Capital Securities on the Luxembourg Stock Exchange's regulated market will amount to approximately €5,000.

Significant or material change

There has been no (i) material adverse change in the Issuer's prospects since 31 December 2016 or (ii) significant change in the financial position of the Issuer and its subsidiaries since 30 June 2017.

There has been no (i) material adverse change in the Group's prospects since 31 December 2016 or (ii) significant change in the financial position of the Group and its subsidiaries since 30 June 2017.

Interests

Save for the commissions and any fees payable to the Managers, no person involved in the issue of the Capital Securities, other than NIBC Bank N.V. acting both in its capacity as Issuer and as Joint Lead Manager, has an interest, including conflicting ones, material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

Independent auditor

Pursuant to an auditor rotation requirement under Dutch law, Ernst & Young Accountants LLP was appointed as the Issuer's new independent auditor effective 1 January 2016, succeeding PricewaterhouseCoopers Accountants N.V.

The auditors of the Issuer are Ernst & Young Accountants LLP (**EY**) for the financial year ended 31 December 2016 and PricewaterhouseCoopers Accountants N.V. (**PwC**) for the financial year ended 31 December 2015, who have audited the Issuer's accounts, without qualification, in accordance with the laws of The Netherlands, including Dutch Standards on Auditing. The individual auditors of EY and PwC are members of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

Legal and arbitration proceedings

Neither the Issuer nor any of its subsidiaries is, or has been, in the 12 months preceding the date of this document, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

Documents Available

Copies of the following documents will be available free of charge during normal business hours from the registered office of the Issuer (at Carnegieplein 4, 2517 KJ The Hague, The Netherlands) and from the specified office of the Agent:

(a) a copy of this Prospectus;

(b) a copy of the Agency Agreement;

(c) a copy of the English translation of the articles of association of the Issuer;

(d) the audited and consolidated financial statements of the Issuer for the financial years ended 31 December 2015 and 2016;

(e) the audited and consolidated financial statements of the Group for the financial years ended 31 December 2015 and 2016;

(f) the unaudited condensed interim financial statements of the Issuer for the six months ended 30 June 2017; and

(g) the unaudited condensed interim financial statements of the Group for the six months ended 30 June 2017.

Post issuance information

The Issuer does not intend to provide any post issuance information in relation to the issue of Capital Securities.

Clearing and settlement systems

The Capital Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The International Securities Identification Number (ISIN) for the Capital Securities is XS1691468026 and the Common Code is 169146802.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Yield

6.089 per annum.

The yield is calculated at the Issue Date on the basis of the Issue Price until the First Call Date. It is not an indication of future yield. Since the Rate of Interest will be reset at the First Call Date (unless the Issuer redeems the Capital Securities on the First Call Date), an indication of yield relating to periods after the First Call Date cannot be given.

REGISTERED OFFICE OF THE ISSUER

NIBC Bank N.V.
Carnegieplein 4
2517 KJ The Hague
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PRINCIPAL PAYING AGENT AND AGENT BANK

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Canary Wharf
London
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JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

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United Kingdom

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Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

JOINT LEAD MANAGER

NIBC Bank N.V.
Carnegieplein 4
2517 KJ The Hague
The Netherlands

INDEPENDENT AUDITORS OF THE ISSUER

(*for the period ended 31 December 2015*)
PricewaterhouseCoopers Accountants N.V.
Thomas R. Malthusstraat 5
1066 JR Amsterdam
The Netherlands

(*for the period commencing 1 January 2016 onwards*)
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Cross Towers
Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

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To the Issuer
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1077 AB Amsterdam
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To the Joint Lead Managers
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Droogbak 1A
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LISTING AGENT

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Luxembourg