

BASE PROSPECTUS DATED 10 JULY 2019



ABN AMRO Bank N.V.

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

Programme for the Issuance of Medium Term Notes

Arranger

ABN AMRO

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**").

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

Before making an investment decision with respect to any Notes, prospective investors should carefully consider all of the information set out in this Base Prospectus 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 Base Prospectus. This Base Prospectus does not describe all of the risks of an investment in the Notes.

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

Under this Programme, ABN AMRO Bank N.V. (the "**Issuer**", which expression shall include any Substituted Debtor (as defined in Condition 15 below (*Substitution of the Issuer*))) may from time to time issue Senior Preferred Medium Term Notes (the "**Senior Preferred Notes**"), Senior Non-Preferred Medium Term Notes (the "**Senior Non-Preferred Notes**") and Subordinated Medium Term Notes (the "**Subordinated Notes**" and the Senior Preferred Notes and the Senior Non-Preferred Notes together with the Subordinated Notes herein collectively referred to as the "**Notes**"), denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below), if any.

The full terms and conditions of each Tranche of Notes can be reviewed by reading the terms and conditions as set out in full in this Base Prospectus in the sections headed "*Terms and Conditions of the Senior Preferred Notes*", "*Terms and Conditions of the Senior Non-Preferred Notes*" and "*Terms and Conditions of the Subordinated Notes*" (as applicable) (the "**Conditions**", and each, a "**Condition**"), which constitute the basis of all Notes to be offered under this Programme for the Issuance of Medium Term Notes (the "**Programme**"), together with the Final Terms (as defined below) applicable to the relevant issue of Notes, which applies and/or disappplies, supplements and/or amends the Conditions in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Notes (or Tranche thereof).

The Notes will be issued on a continuing basis to one or more of the Dealers specified under "Overview of the Programme – Dealers" and any additional Dealer appointed in respect of Notes under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the "relevant Dealer(s)" in respect of those Notes.

The Notes of each Tranche (as defined below) will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Note (as defined below) which will be deposited on the issue date thereof either (i) with a common depository on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or any other agreed clearing system or (ii) with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Netherlands**"). See "Form of the Notes".

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

References in this Programme to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading and have been listed on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**MiFID II**").

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

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

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in a final terms document (the "**Final Terms**") which, with respect to Notes to be listed on Euronext Amsterdam, will be delivered to Euronext Amsterdam on or before the date of issue of Notes of such Tranche. There can be no assurance that the Notes offered as described in this Base Prospectus will be sold or that there will be a secondary market for the Notes. See "Risk Factors" below.

This Base Prospectus has been prepared for use in connection with the Programme and (save as described below) is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference") and shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus, the applicable Final Terms or any document incorporated by reference herein or therein, or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any Dealer.

This Base Prospectus does not, and is not intended to, constitute an offer to sell or a solicitation of an offer to buy any of the Notes by or on behalf of the Issuer or the Arranger or any Dealer in any jurisdiction in which such offer or solicitation is not authorised or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and any Dealer expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme.

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

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. See "Subscription and Sale" below. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes are in bearer form and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to or for the account of U.S. persons.

Neither the Programme nor the Notes has been approved or disapproved by the United States Securities Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of any offering of Notes or the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, 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 relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

All references in this document to "**EUR**", "**euro**" and "**€**" refer to the 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, references to "**Sterling**" and "**£**" refer to pounds sterling and references to "**U.S. Dollars**", "**USD**" and "**\$**" refer to United States dollars.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (the "**IDD**"), where that customer would not qualify as

a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Benchmark Regulation

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

Amounts payable under the Notes may, *inter alia*, be calculated by reference to London inter-bank offered rate ("**LIBOR**"), which is provided by ICE Benchmark Administration Limited and the Euro-zone inter-bank offered rate ("**EURIBOR**") which is provided by the European Money Markets Institute. As at the date of this Base Prospectus, ICE Benchmark Administration Limited and the European Money Markets Institute appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) - The Final Terms in respect of any Notes may include a legend entitled "**Singapore Securities and Futures Act Product Classification**" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

MIFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

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RISK FACTORS

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

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks not currently known to the Issuer or that the Issuer now views as immaterial may also have a material adverse effect on the Issuer's future business, operating results, financial condition and affect an investment in Notes issued under the Programme. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

Words and expressions defined in the sections headed "Terms and Conditions of the Senior Preferred Notes", "Terms and Conditions of the Senior Non-Preferred Notes" and "Terms and Conditions of the Subordinated Notes" below shall have the same meaning in this section.

On 29 June 2019 the Group Legal Merger between ABN AMRO Bank and ABN AMRO Group became effective. As a result of the Group Legal Merger, ABN AMRO Group has ceased to exist and all shares in ABN AMRO Group have become shares in ABN AMRO Bank.

Risks relating to the Issuer's business and industry

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

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

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

On 23 June 2016 the United Kingdom voted to leave the European Union in a referendum (the "**Brexit**"). The consequences and timing of the Brexit are uncertain. The result of the United Kingdom's referendum to leave the European Union and the subsequent initiation of the legal process pursuant to Article 50 of the Lisbon Treaty that must end in March 2019, which deadline has been extended to 31 October 2019, with the United Kingdom exiting the European Union may, amongst other things, lead to volatility in financial markets and may lead to liquidity disruptions or market dislocations. The Issuer could be adversely impacted by related market developments such as increased exchange rate movements of the pound sterling versus the euro and higher financial market volatility in general due to increased uncertainty, any of which could affect the results of the Issuer's operations in the European Union or the United Kingdom. The Issuer could also be adversely impacted should a Brexit result in the United Kingdom moving away from agreed and implemented EU legislation.

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

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

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

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

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

Severe market events have historically been difficult to predict, and could lead to the Issuer realising significant losses if extreme market events were to persist for an extended period of time. Therefore market

volatility, liquidity disruptions, or dislocations could have a material adverse effect on the Issuer's business, financial position and results of operations.

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

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

The Issuer's business and performance are affected by prevailing interest rates and the shape of the interest rate curve. The current interest rate environment with a sustained downward pressure on interest rates and low inflation may impact the interest rate margin of the bank. A prolonged period of flatter than usual interest rate curves, including negative interest rates, could have an adverse impact on the Issuer's business model. Furthermore, the effect of a prolonged period of low inflation and/or deflation could affect client behavior and may thereby impact the Issuer's financial position and results of operations.

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

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

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

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

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

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

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

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

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

Rating agencies assess the creditworthiness of the Issuer and its operating environment and assign a rating to the Issuer and some of the financial instruments it has issued. This information is available to investors, clients and counterparties of the Issuer. There can be no assurance that a credit rating agency will not downgrade or change the outlook on any such credit rating.

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

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

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

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

The Issuer conducts its business in an environment that is highly regulated by financial services laws and regulations, corporate governance and administrative requirements and policies, in most or all of the locations in which it operates or enters into transactions with clients or other parties. In various jurisdictions in which the Issuer operates, supervisory authorities may impose additional restrictions and conditions on the Issuer, including but not limited to capital, liquidity, corporate governance requirements and behavioural requirements. Interpretation of requirements by supervisory authorities and courts may change over time. For further information on legal and regulatory laws and regulation the Issuer is subject to, see chapter "*The Issuer—1. ABN AMRO Bank N.V. —1.8 Regulation*".

When expanding its business to other jurisdictions or offering new products in jurisdictions in which the Issuer is already active, the Issuer may become subject to other and additional legislation and regulatory requirements. The local businesses will not only need to comply with the local laws and regulations, but also with certain laws and regulations with worldwide application, including but not limited to certain European and U.S. legislation (see also the risk factor "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*" and "*The Issuer—1. ABN AMRO Bank N.V.*").

—1.8 Regulation"). The above requires the businesses to liaise in a timely manner with the Issuer's legal and compliance departments.

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

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

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

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

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

The Issuer believes that oversight and scrutiny by supervisory authorities have increased significantly in recent years. This has in general led to more regulatory investigations and enforcement actions as well as an increase in the amount of fines. The last few years have seen a steep escalation in the severity of the terms

which competent supervisory authorities and law enforcement authorities have required to settle legal and regulatory proceedings against financial institutions, with settlements including unprecedented monetary penalties as well as criminal sanctions. Fines and settlement amounts paid by financial institutions in the recent past have been particularly high in the United States where the Issuer also has operations. If this trend were to continue or to occur in jurisdictions in which the Issuer operates its business, the material adverse effect to the Issuer of non-compliance could be more pronounced in the future than a similar event of non-compliance would have had in the past. Non-compliance with applicable regulation may also lead to civil liability towards affected clients and, increasingly, third parties.

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

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

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

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

On 7 December 2017, the Basel Committee published its final Basel III standards. These standards are informally known as "Basel IV" and will be implemented in CRD and CRR. Basel IV introduced the capital floors based on standardized approaches and revisions to the standardized approaches for credit risk, operational risk, market risk and the revision of the credit valuation adjustment framework for treatment of counterparty credit risk. According to Basel IV, the capital floors and other standards will become applicable as of 2022 and a transitional regime may apply.

Of these standards, the introduction of the standardized credit risk RWA (REA) floor is expected to have the most significant impact on the Issuer. The standards for the new standardized credit risk RWA (REA) calculation rules include (i) introduction of new risk drivers, (ii) introduction of higher risk weights and (iii) reduction of mechanistic reliance on credit ratings (by requiring banks to conduct sufficient due diligence, and by developing a sufficiently granular non-ratings-based approach for jurisdictions that cannot or do not wish to rely on external credit ratings). In addition, the standards require banks to apply advanced approaches to risk categories, applying the higher of (i) the RWA (REA) floor based on (new) standardized approaches and (ii) the RWA (REA) floor based on advanced approaches in the

denominator of their ratios. The implementation of the standardized RWA (REA) floors is expected to have a significant impact on the calculation of the Issuer's risk weighted assets due to the substantial difference in RWA (REA) calculated on the basis of advanced approaches and such calculation on the basis of new standardized rules for mortgages, and, to a lesser extent, exposures to corporates.

In the first quarter of 2016 the Basel Committee published a consultative paper proposing changes to the internal ratings-based ("IRB") approaches. The Basel Committee proposed, amongst other things, to remove the option to use the IRB approaches for certain exposure classes, to introduce probabilities of default ("PD") and loss-given-default ("LGD") floors for exposure classes that are still permitted under IRB approach, a greater use of supervisory Credit Conversion Factors (CCF) and constraints on Exposure at Default (EAD) estimation processes. In Basel IV, the Basel Committee has (i) removed the option to use the advanced IRB (A-IRB) approach for certain asset classes, (ii) adopted "input" floors (for metrics such as PD and LGD) to ensure a minimum level of conservatism in model parameters for asset classes where the IRB approaches remain available and (iii) provided greater specification for parameter estimation practices to reduce RWA (REA) variability. Furthermore, in January 2017 the EBA published its guidelines on the application of the definition of default under the CRR which guidelines apply to the IRB approach and the standardized approach for credit risk.

In April 2016, the Basel Committee issued a consultative document on the revision to the Basel III leverage ratio framework. Among the areas subject to proposed revision in this consultative document were the change in the calculation of the derivative exposures and the credit conversion factors for off-balance sheet items. In April 2017 the Basel Committee published its final guidance on the definitions of two measures of asset quality – "non-performing exposures" and "forbearance". The Basel Committee's definitions of both terms are built on commonalities in the existing definitions and harmonise the quantitative and qualitative criteria used for asset categorization. In Basel IV, the Basel Committee indicated that leverage ratio buffer requirement on 1 January 2022 shall be based on the FSB's 2020 list of G-SIBs (based on year end-2019 data).

- On 23 November 2016, the European Commission published legislative proposals to amend and supplement certain provisions of, *inter alia*, CRD IV, CRR, the Bank Recovery and Resolution Directive (2014/59/EU) and the Single Resolution Mechanism Regulation ((EU) No 806/2014) (the "**EU Banking Reform Proposals**"), including measures to further strengthen the resilience of EU banks, including revisions in the Pillar 2 framework, a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt, revisions in the MREL (as defined below) framework, the integration of the TLAC (as defined below) standard into EU legislation (see below under "*FSB Standard for Total Loss-Absorbing Capacity*"), a revised calculation method for derivatives exposures and the transposition of the fundamental review of the trading book (FRTB) conclusions into EU legislation. A bill implementing the requirement for senior non-preferred debt in The Netherlands came into force in December 2018.

On 4 December 2018, the EU Council endorsed the agreement between the EU Council Presidency and the EU Parliament on various elements of the EU Banking Reform Proposals. During February 2019, the Committee of Permanent Representatives endorsed the positions agreed with the EU Parliament on all elements of the EU Banking Reform Proposals. The agreed measures address three of the key objectives set out by the EU Council roadmap on completing the banking union agreed in 2016: (i) enhancing the framework for bank resolution, in particular the necessary level and quality of the subordination of liabilities (MREL) to ensure an effective and orderly "bail-in" process, (ii) introducing the possibility for resolution authorities to suspend a bank's payments and/or contractual obligations when it is under resolution (the so-called "moratorium tool"), in order to help stabilise the bank's situation and (iii) strengthening bank capital requirements to reduce incentives for excessive risk taking, by

including a binding leverage ratio, a binding net stable funding ratio and setting risk sensitive rules for trading in securities and derivatives. However, the EU Council noted that work on remaining outstanding issues will continue both at technical and political levels, in view of finalising negotiations on the banking package. The agreed text was adopted by the European Parliament on 16 April 2019 and formally approved by the Council on 14 May 2019. The text relating to the EU Banking Reform Proposals has been published in the Official Journal of the European Union and entered into force on 27 June 2019. The majority of the rules are expected to apply from 18 months after that date, however, the principal rules brought into force by the amended CRR shall apply from two years after that date.

- At the end of 2015, the ECB started a targeted review of internal models ("**TRIM**") to assess whether the internal models currently used by EU banks comply with regulatory requirements, and whether they are reliable and comparable. The ECB's TRIM reviews credit and market risk models applied for calculating RWA. In addition, the EBA's review of the IRB approach provides more detailed requirements on the Issuer's application of the IRB approach for credit risk RWA. Both could result in an increase. However, at the date of this Base Prospectus, the exact impact on the Issuer is difficult to predict.
- The Deposit Guarantee Schemes Directive (2014/49/EU) ("**DGSD**") has been implemented into national law with effect from 26 November 2015, the law changes the funding of the current Deposit Guarantee Scheme ("**DGS**") from an ex-post funded system to a partially ex-ante funded system.
- A euro-wide deposit insurance scheme ("**EDIS**") for bank deposits was proposed by the European Commission on 24 November 2015, consisting of a re-insurance of national DGS, moving after three years to a co-insurance scheme, in which the contribution of EDIS would progressively increase over time. As a final stage, a full European Deposit Insurance Scheme is envisaged in 2024.
- The European regulation establishing uniform rules and a uniform procedure for the resolution of banks and certain investment firms in the framework of the Single Resolution Mechanism (Regulation 806/2014) (the "**SRM**"), which was published in the Official Journal of the European Union on 30 July 2014 and entered into force on 19 August 2014, providing for a single resolution framework, a single resolution board ("**Resolution Board**") and a single resolution fund ("**Resolution Fund**").
- The European Market Infrastructure Regulation ("**EMIR**") introduced new obligations relevant for the Issuer, which are (i) central clearing for certain classes of OTC derivatives, (ii) the application of risk mitigation techniques for non-centrally cleared OTC derivatives and (iii) reporting of both exchange traded and OTC derivative transactions. EMIR is relevant to the Issuer in general and in particular to the Issuer's clearing business. The Issuer has implemented the relevant EMIR reporting requirements. Nevertheless, a combination of a changing legal framework, a changing business environment and a substantial reliance on IT systems and data input makes compliance with such obligations challenging for the Issuer.
- The revised EU Directive on Markets in Financial Instruments (2014/65/EU, the "**MiFID II Directive**") and the accompanying regulation "**MiFIR**" (Regulation 600/2014) (together "**MiFID II**"), which replace, extend and improve existing European rules on markets in financial instruments, giving more extensive powers to supervisory authorities, increasing market infrastructure and reporting requirements, more robust investor protection, increasing both equity and non-equity market transparency, introducing a harmonised position-limits regime for commodity derivatives and introducing the possibility to impose higher fines in case of infringement of its requirements. MiFID II entered into force on 3 January 2018.
- A regulation on key information documents for packaged retail and insurance-based investment products (Regulation 1286/2014) ("**PRIIPs**") requiring a key information

document ("**KID**") to be provided when offering PRIIPs to certain clients. PRIIPs entered into force on 1 January 2018.

- On 1 January 2018, the Benchmark Regulation became applicable, subject to certain transitional provisions. The Benchmark Regulation applies to 'contributors' to, 'administrators' of, and 'users' of benchmarks in the EU. The Benchmark Regulation, among other things, (a) requires EU benchmark administrators to be authorised or registered and to comply with requirements relating to the administration of benchmarks, (b) prohibits the use in the EU of benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation, and (c) prohibits the use in the EU of benchmarks provided by non-EU administrators which are not (i) authorised or registered and subject to supervision in a jurisdiction in respect of which an 'equivalence' decision has been adopted in accordance with the Benchmark Regulation, or (ii) where such equivalence decision is pending, 'recognised' by the competent authorities of the applicable Member State(s).
- The Mortgage Credit Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property adopted on 4 February 2014 (the "**Mortgage Credit Directive**") aiming to afford high level consumer protection throughout the EEA. The act implementing the Mortgage Credit Directive in The Netherlands entered into force on 14 July 2016.
- A new payment services directive (Directive 2015/2366/EU, "**PSD 2**") which imposes additional requirements on the Issuer with respect to payment services in the EEA and supports the emergence of new players and the development of innovative mobile and internet payments in Europe. PSD 2 entered into force on 13 January 2018. The Dutch implementing legislation entered into force on 19 February 2019, save for those elements which will enter into force on the same date as the regulatory technical standards (2018/329) in respect of, *inter alia*, strong customer identification.
- In the United States, the ongoing implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which covers a broad range of regulations and requirements for financial services firms including an evolving framework of regulations and requirements for OTC derivative transactions, markets and participants.
- A banking tax for all entities that are authorised to conduct banking activities in The Netherlands.
- A proposed directive for a common Financial Transaction Tax ("**FTT**") to be implemented in 10 participating Member States, being Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, which would together constitute the FTT-zone.
- Based on sections 1471-1474 of the Code and Treasury Regulations thereunder, a 30% withholding tax may be imposed on U.S. source payments to a non-U.S. (foreign) financial institution (FATCA).
- Various international and EU initiatives on automatic exchange of information (such as the OECD Common Reporting Standard, and the amended EU Directive on Administrative Cooperation), which have had and will continue to have considerable impact on client onboarding and administrative processes of the Issuer.
- The European Commission adopted a proposal for a regulation on reporting and transparency of securities financing transactions, which came into force on 12 January 2016 (Regulation (EU) 2015/2365).
- Legislation introduced by the Dutch government banning referral fees relating to specific complex financial products and services, such as mortgages, life insurance and pension insurance, reducing fee and commission income.

- Restrictions applicable to the Dutch principal residence mortgage loan market for individuals, including a reduction in the maximum loan amount for government-guaranteed mortgage loans (*Nationale Hypotheekgarantie*, "NHG"), a reduction of the maximum permissible amount of a mortgage loan relative to the value of the property and a reduction on tax deductibility of new mortgages loans, expected to put further downward pressure on the total outstanding volume of mortgages in The Netherlands which could decrease the size of the Issuer's mortgage portfolio and to have an effect on the house prices and the rate of economic recovery which may result in an increase of defaults, prepayments and repayments.

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

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

For further information on laws and regulation the Issuer is subject to, see chapter "*The Issuer—1. ABN AMRO Bank N.V. —1.8 Regulation*". The timing and full impact of new laws and regulations, including the initiatives described above, cannot be determined yet and are beyond the Issuer's control. The introduction of these and other new rules and requirements could significantly impact the manner in which the Issuer operates, particularly in situations where regulatory legislation can interfere with or even set aside national private law. New requirements may adversely affect the Issuer's business, capital and risk management strategies and may result in the Issuer deciding to modify its legal entity structure, capital and funding structures and business mix or exit certain business activities altogether or determine not to expand in certain business areas despite their otherwise attractive potential.

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

European regulations such as EMIR, MiFID II and US regulations such as U.S. Commodity Futures Exchange Commission and U.S. Securities and Exchange Commission rules, will increase the burden of compliance on the Issuer. The extraterritorial scope of some of the regulations brings additional layers of complexity, as the Issuer can become subject to rules and regulations of national jurisdictions whilst it is not directly part of the national markets of such jurisdictions. This may have a material adverse effect on the business, financial position and results of operations and prospects of the Issuer. The increased burden of compliance and additional layers of complexity may materially adversely affect the Issuer's business, financial position and results of operations and prospects.

Significant regulatory fines may be imposed on the Issuer should the Issuer fail to comply with applicable regulations. The cost of regulatory fines and defence against current and future regulatory actions may be significant. There may also be adverse publicity associated with regulatory fines or action that could negatively affect customer views of the Issuer, regardless of whether the allegations are valid or whether the Issuer is ultimately found liable. Therefore, such regulatory fines or actions may have a material adverse effect on the business, financial position and results of operations and prospects of the Issuer.

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

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

The Basel Committee has proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, strengthen the risk coverage of the capital framework in relation to derivative positions, and to introduce a new liquidity framework under which banks must gradually meet a liquidity coverage ratio and report on their net stable funding, and to introduce reporting requirements on leverage ratio. As a follow-up on the Basel III Final Recommendations, the Basel Committee proposed to introduce a requirement for banks to use stable sources of funding and meet a minimum leverage ratio. The envisaged required minimum percentage is currently 3% as proposed by the Basel Committee. In respect of the binding leverage ratio, in The Netherlands, the Dutch systematically important banks, including the Issuer, have been required to comply with a leverage ratio of at least 4% since 2018. International discussions are ongoing with respect to a possible leverage ratio surcharge (compared to the 3% introduced in the EU Banking Reform Proposals) for global systemically important institutions ("**G-SIIs**"). The Issuer does not currently qualify as a G-SII. On 10 October 2017, a coalition of four parties which form the Dutch government has published its government coalition agreement (*regeerakkoord*), in which it announced, among other things, that as soon as the more stringent requirements of Basel IV come into force, the leverage ratio requirement will be brought in line with European standards. If the Issuer would become subject to a minimum leverage ratio of more than 4%, the Issuer may be required to raise additional regulatory capital to meet the required leverage ratio. See "*Annual Report 2018 - Risk, funding & capital*", which part has been incorporated by reference into this Base Prospectus, for information on the Issuer's capital and liquidity position under Basel III rules known as at 31 December 2018. The Basel III framework was implemented in the EEA through CRD IV and CRR. CRD IV replaced the preceding capital requirements directives (directives with numbers 2006/48/EC and 2006/49/EC ("**CRD I**"), amendment directive with number 2009/111/EC ("**CRD II**") and amendment directive with number 2010/76/EC ("**CRD III**") and was transposed into Dutch law by the "*Implementing law CRD IV and CRR (Implementatiewet richtlijn en verordening kapitaalvereisten)*" and entered into force on 1 August 2014. CRR has been in effect since 1 January 2014, although particular requirements are phased in over a period of time and proposals have already been published by the European Commission to make certain amendments to CRD IV and CRR by means of the EU Banking Reform Proposals, partly drawing from the Basel Committee further banking reform proposals (see also the risk factor "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*" above). The European Banking Authority ("**EBA**") has and will continue to propose detailed rules through binding technical standard for many areas.

There can be no assurance that the Basel Committee will not further amend or supplement the Basel III framework. For example, the Basel Committee has published proposals to further strengthen the risk-weighted capital framework, including in relation to credit risk, market risk and operational risk (see also the risk factor "*The financial services industry is subject to intensive regulation. Major changes in laws and*

regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects" above). Further, the Basel III framework may be implemented in a manner that is different from that which is currently envisaged or may impose more onerous requirements on the Issuer.

The Issuer has been designated by DNB as a financial institution with systemic relevance for The Netherlands. As a result, the Issuer had to progressively build up extra capital buffers set by DNB. These buffers have become applicable in phases in the period from 2016 to and including 2019. The Issuer will be required to maintain this buffer on top of the minimum CET1 capital ratio of 4.5% it is required to meet, as well as a capital conservation buffer of 2.5%, and a counter-cyclical buffer ranging from 0 to, in principle, 2.5%. When the Issuer is subject to a systemic relevance buffer and a systemic risk buffer, either (i) the higher of these buffers applies or (ii) these buffers are cumulative, depending on the location of the exposures which the systemic buffer addresses. As at the date hereof, the combined buffer requirement ("**CBR**") is set at 5.57% of CET1 capital above the minimum regulatory CET1 requirement of 4.5% (or 10.07% in aggregate) on a full phase-in basis. However, in the future the Issuer may need to comply with a higher CBR. For example, the relevant regulator may impose a higher systemic risk buffer or introduce a countercyclical capital buffer. In case the Issuer fails to meet, partly or in full, the CBR, CRD IV requires that restrictions on distributions (including dividend payments) are imposed on the Issuer. Also, any increase by DNB of the systemic risk buffer may require the Issuer not only to increase its CET1 capital ratio but also its overall amount of MREL (see the risk factor "*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" below).

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

The Issuer's capital ratios are above the regulatory minimum requirements. At 31 December 2018 the Issuer had a phase-in CET1 capital ratio of 18.4% (fully loaded 18.4%), which is well above the 2018 SREP requirement. Pursuant to the 2018 SREP requirement, the Issuer is required to hold on a consolidated basis a minimum CET1 capital ratio of 11.75%, which is composed of 4.5% Pillar 1 minimum capital requirement, 1.75% P2R, a fully loaded 2.5% capital conservation buffer and a fully loaded 3.0% systemic risk buffer ("**SRB**"), excluding a countercyclical buffer of 0.07%. Based on the current understanding of the applicable and pending regulations regarding leverage ratio, the Issuer aims for a leverage ratio equal or above 4% as from 2018, which it aims to achieve through management of its exposure measure, the issuance of AT1 instruments and retained earnings. The Issuer is monitoring upcoming regulatory requirements in relation to MREL and TLAC and has a MREL ambition of 29.3% of RWA for year-end 2019 and pre-position for TLAC. At 31 December 2018, ABN AMRO Group had fully-loaded leverage ratio of 4.2% and 29.2% MREL (solely based on own funds and other subordinated liabilities). The strong funding and liquidity profile is demonstrated

by a growing client deposit base with low outflows, a diversified wholesale funding maturity profile and a commitment to comply with future regulatory liquidity requirements (liquidity coverage ratio and net stable funding ratio) before they will be in force. However, current and future regulatory developments may have an impact on the Issuer's capital position. For example, in the future the Issuer may elect to meet its MREL requirement by issuing Senior Non-Preferred Notes instead of Tier 2 capital (such as the Subordinated Notes), which may impact the Issuer's total capital ratio.

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

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

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

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

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

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

Dutch Intervention Act

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

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

BRRD

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

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

Single Resolution Mechanism

The BRRD is complemented by the directly binding SRM. The primary geographic scope of the SRM is the euro area and SRM applies to the Issuer as a primary recovery and resolution code. The SRM establishes a single European resolution board (the "**Resolution Board**") having resolution powers over the institutions that are subject to the SRM, thus replacing or exceeding the powers of the national resolution authorities within the euro area. The Resolution Board will draw up and adopt a resolution plan for the entities subject to its powers, including the Issuer. It will also determine, after consultation with competent authorities, a minimum requirement for own funds and eligible liabilities ("**MREL**"). MREL is designed to be available to the resolution authorities for write down, write off or conversion to equity in order to absorb losses and recapitalise a failing institution in the event of resolution action being taken, and before more senior-ranking creditors suffer losses. The amount of MREL the Issuer is required to maintain over time will be based on the expected required capacity to resolve and, if appropriate, recapitalise the Issuer in the event of its failure. The Resolution Board may also use the powers of early intervention as set forth in the SRM, including the power to require an institution to contact potential purchasers in order to prepare for resolution of the institution. The Resolution Board has the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national authorities under the BRRD. The resolution tools available for the Resolution Board include the sale of business tool, the bridge institution tool, the asset separation tool and the Bail-in Tool as further specified in the SRM. The use of one or more of these tools is included in a resolution plan adopted by the Resolution Board.

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

Recovery and resolution plans

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

that could have a material effect on the recovery plan. Keeping the recovery plan up to date will require monetary and management resources.

The Resolution Board will draw up the Issuer's resolution plan providing for resolution actions it may take if the Issuer would fail or would be likely to fail. In drawing up the Issuer's resolution plan, the Resolution Board will identify any material impediments to the Issuer's resolvability. Where necessary, the Resolution Board may require the Issuer to remove such impediments. This may lead to mandatory legal restructuring of the Issuer, which could lead to high transaction costs, or could make the Issuer's business operations or its funding mix to become less optimally composed or more expensive. Although ABN AMRO Bank N.V. is the designated resolution entity of ABN AMRO Bank N.V. and its consolidated subsidiaries (the "**Group**"), the Resolution Board may at a later stage also require the Issuer to issue MREL at various levels within the Group. This may result in higher capital and funding costs for the Issuer, and as a result adversely affect the Issuer's profits.

Early intervention

If the Issuer does not comply with or, due to a rapidly deteriorating financial position, would be likely not to comply with capital or liquidity requirements in the near future, the supervisory authorities will have the power to impose early intervention measures. A rapidly deteriorating financial position could, for example, occur in the case of a deterioration of the Issuer's liquidity situation, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of the Issuer, the power to make changes to the Issuer's business strategy, and the power to require the Issuer's Executive Board to convene a general meeting of shareholders, set the agenda and require certain decisions to be considered for adoption by the general meeting. Furthermore, if these early intervention measures are not considered sufficient, the competent authority may replace management or install a temporary administrator. In case of resolution of the Issuer, a special manager may also be appointed who will be granted management authority over the Issuer instead of its existing executive board members, in order to implement the measures decided on by the the competent authority.

Non-viability and resolution measures

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

Furthermore, BRRD and SRM provide resolution authorities with powers to implement resolution measures with respect to banks which meet the conditions for resolution, which may include (without limitation) the sale of the bank's business, the separation of assets, the Bail-in Tool, the replacement or substitution of the bank as obligor in respect of debt instruments, modifications to the terms of debt instruments and discontinuing the listing and admission to trading of financial instruments. The Bail-in Tool comprises a more general power for resolution authorities to write-down the claims of unsecured creditors of a failing bank and to convert unsecured debt claims to equity. The Bail-in Tool covers eligible liabilities issued by the institution subject to resolution measures, but certain defined instruments are excluded from the scope, such as covered bonds.

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

When applying the resolution tools and exercising the resolution powers, including the preparation and implementation thereof, the resolution authorities are not subject to (i) requirements to obtain approval or consent from any person either public or private, including but not limited to the holders of shares or debt instruments, or from any other creditors, and (ii) procedural requirements to notify any person including any requirement to publish any notice or prospectus or to file or register any document with any other authority,

that would otherwise apply by virtue of applicable law, contract, or otherwise. In particular, the resolution authorities can exercise their powers irrespective of any restriction on, or requirement for consent for, transfer of the financial instruments, rights, assets or liabilities in question that might otherwise apply.

Resolution Fund

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

FSB Standard for Total Loss-Absorbing Capacity

In November 2015, the Financial Stability Board (the "**FSB**") published the final total loss-absorbing capacity ("**TLAC**") standard intended to enhance the loss-absorbing capacity of global systemically important banks ("**G-SIBs**") in resolution. The TLAC standard seeks to ensure that G-SIBs will have sufficient loss absorbing capacity available in a resolution of such an entity, in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. The TLAC standard also includes a specific termsheet for TLAC which attempts to define an internationally agreed standard. Similar requirements are also reflected in the EU Banking Reform Proposals (see also the risk factor "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects.*").

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

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

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

The MREL requirement for each institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include: the extent to which an institution has liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the institution; the systemic importance of the institution; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

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

On 20 November 2018 and 16 January 2019, the SRB published its 2018 policy statement on MREL, which serves as a basis for setting consolidated MREL targets for banks under the remit of the SRB (including the Issuer). For the 2018 resolution planning cycle, the SRB introduces a series of new features to strengthen banks' resolvability within the Banking Union, including a refined approach for eligible instruments for consolidated MREL-targets, increased binding subordination requirements and the introduction of binding MREL targets at individual level. The SRB will continue to develop its MREL policy going forward. After the adoption of the EU Banking Reform Proposals, the SRB has indicated that the SRB policy will need to be adapted to address in particular the TLAC implementation and the new internal MREL requirements. The 2018 SRB MREL policy is part of a multi-year approach for establishing final MREL targets. The SRB has indicated that the 2018 SRB MREL policy is based on the current legal framework but it could review the policy in the course of 2019 on the basis of the publication of the EU Banking Reform Proposals in the Official Journal of the European Union.

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

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

Intended TLAC and MREL alignment

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

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

Both the TLAC standard and the RTS may be subject to change and further implementation. On 23 November 2016, the European Commission announced the EU Banking Reform Proposals which, amongst

others, intend to implement TLAC and clarify its interaction with MREL. As a result, it is not possible to give any assurances as to the ultimate scope, nature, timing and of any resulting obligations, or the impact that they will have on the Issuer once implemented, including the amount of currently outstanding instruments qualifying as MREL going forward. If the EU Banking Reform Proposals are implemented without transitory provisions however, it is possible that the Issuer may have to issue a significant amount of additional MREL eligible liabilities in order to meet the new requirements within the required timeframes. If the Issuer were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on the Issuer's business, financial position and results of operations.

State Aid

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

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

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

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

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

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

There is substantial competition for the types of banking and other products and services that the Issuer provides in the regions in which the Issuer conducts large portions of its business, especially in The Netherlands. The competition for some of these products and services consists of traditional large banks, smaller banks, insurance companies, niche financial companies, non-financial companies that offer credit and savings products (such as car lease companies), as well as new entrants and parties that develop new business

models, such as payment service providers, new mobile payment systems, mobile wallets, crowd funding and other financial technology (Fintech) initiatives. As a result, the Issuer's strategy is to maintain customer loyalty and retention. In other international markets, the Issuer faces competition from the leading domestic and international institutions active in the relevant national and international markets.

A different form of competition comes from technology firms and other new entrants, which are not subject to the same regulatory controls imposed on banks and have already entered parts of the traditional banking value chain. Commoditisation of mass market segments as a result of new technology results in fiercer competition and pressure on margins. For example, the entry into force of PSD 2 increases the number of new entrants into the payments market, which affects competition and increases the variety of payment services available (including the provision of third party access to parties other than banks).

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

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

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

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

The Issuer's operations and assets are located primarily in The Netherlands. Deterioration of the economic environment could have a material adverse effect on the Issuer's results of operations and financial position.

As of 31 December 2018, 82% of the Issuer's operating income was generated in The Netherlands and a majority of its aggregate credit exposure (as measured by 'Exposure at Default') is also located in The Netherlands (71.7% as of 31 December 2018). Accordingly, the Issuer is largely dependent upon the prevailing economic, political and social conditions in The Netherlands, particularly those which impact the mortgage market and small and medium business enterprises, which recently have been subject to major regulatory changes. Accordingly, deterioration of the economic environment in The Netherlands could have a negative effect on the Issuer's results of operations and financial position. Efforts by the Issuer to diversify, limit or hedge its portfolio against concentration risks may not be successful and any concentration risk could increase potential losses in its portfolio; this risk is mainly manifested through business and credit risk.

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

The Issuer's businesses are subject to general credit and country risks, including credit risks of borrowers and other counterparties. Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Issuer's businesses. Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include borrowers (under loans), the issuers whose securities the Issuer holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents,

exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy, financial markets or real estate values, operational failure or other reasons. Further, collateral posted may prove insufficient or inadequate. This is particularly predominant in businesses and operations of the Issuer that rely on sufficient collateral, such as in relation to its securities financing operations, asset-based financing business, diamonds and jewellery credit portfolio, clearing activities or trade and commodity finance credit portfolio. In the past few years, the Issuer has seen adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness. In the years prior to 2014, in line with economic developments, the Issuer saw and may see in the future increasing delinquencies, defaults and insolvencies across a range of sectors (such as small and medium sized enterprises, in the area of Lombard-lending (where borrowers are under an obligation to provide additional collateral if the value of existing collateral goes down), commercial real estate, construction and (inland) shipping) and in a number of geographies. This trend has in the past led to and may in the future lead to increasing impairment charges for the Issuer.

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

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

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

The Issuer may see adverse changes in the credit quality of its borrowers and counterparties, for example, as a result of their inability to refinance their indebtedness, with increasing delinquencies, defaults and insolvencies across a range of sectors (such as the personal, banking and financial institution sectors) and in a number of geographies. Also, the transition to sustainability may impact the profitability and creditworthiness of the Issuer's borrowers and counterparties, for example, as a result of a potential carbon tax or higher energy prices. This may lead to further impairment charges, higher costs and additional write-downs and losses for the Issuer.

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

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

between the largest banks and certain economies are important factors that contribute to this systemic risk. A default by, or even concerns about a default by, one or more financial services institutions could lead to significant systemic liquidity problems, or losses or defaults by other financial institutions.

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

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

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

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

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

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

Also, the Issuer has a monitoring duty in relation to transactions outstanding, including on client positions being either in-the-money or out-of-the-money, or the amount having been borrowed by clients being lower or higher than the value of property or security or the corresponding derivative. This monitoring allows the Issuer, amongst other things, to take appropriate commercial decisions and to verify continued suitability of the product for certain retail clients and compliance with legal requirements of the Issuer. Monitoring a large number of different products, including discontinued products that are still outstanding, is complex and it could become more difficult or even impossible if the Issuer should fail to properly document transactions or archive documentation. The risk is further exacerbated by the increased use of technology and modern media for interacting with clients. Employees may take client orders in violation of policies, including taking orders over a mobile telephone line which conversations are not recorded or it may prove impossible or very difficult to find the relevant discussion from among a large number of recordings.

The Issuer's business operations require meticulous documentation, recordkeeping and archiving. Incomplete documentation, documentation not properly executed by counterparties, inadequate recordkeeping

or archiving, and the loss of documentation could materially adversely affect the Issuer's business operations in a number of ways.

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

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

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

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

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

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

Another subject that has attracted press coverage regards the provision of loans by the Issuer to students of flight training programmes on the basis of expected future earnings. A large number of students has not been able to find work upon qualifying as commercial pilots; as a result they have difficulties repaying the significant principal amounts and the interest owed by them. A number of former students has complained about the Issuer's practices. Similar issues exist with other categories of clients. As lending on the basis of future income of the borrower is no longer permitted due to regulatory requirements, it may lead to lower volumes of lending on that basis, which might materially and adversely affect the income of the Issuer.

European and national regulations, for example, increasingly require financial institutions to provide elaborate disclosure to clients on services and products, such as through a key investor information document, to permit clients to more reliably assess the service or product and to enable them to compare it with similar services or products offered by other providers. Increased price transparency rules have entered into force, such as those based on MiFID II and the PRIIPs Regulation (Regulation 1286/2014), or are envisaged by proposed European regulations for various services and products.

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

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

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

As required by and in consultation with the AFM, the Issuer has reviewed its SMEs interest rate derivative portfolio. In December 2015 the AFM concluded that some aspects of the reviews banks were conducting would need to be amended. The AFM instituted a taskforce with the objective to arrive at a uniform solution for all clients and banks. On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a panel of independent experts. On 5 July 2016 this committee of independent experts published its advice on the reassessment of SME and middle market interest rate derivatives (the "**Uniform Recovery Framework**"). ABN AMRO is adhering to this framework. The Issuer consulted with the panel of independent experts to determine how this framework affected the Issuer's

review process in practice. The final Uniform Recovery Framework was published on 19 December 2016. In the first quarter of 2017 the Issuer began reassessments of around 6,800 clients with some 9,000 interest rate derivatives. As a result of the intensified scoping process set forth in the Uniform Recovery Framework the reassessment was expanded, so that on 31 May 2018 the reassessment consisted of 7,079 clients with 10,638 interest rate derivatives. Due *inter alia* to the complexity of the reassessment, it was not feasible to propose a solution to the Issuer's clients before the end of 2017. At the end of Q1 2019, the Issuer has proposed a solution to 6886 clients in scope of the Uniform Recovery Framework. Seventeen clients in scope have not received an offer. This group consists of (former) clients which started legal proceedings against the Issuer or in respect of which vital contact details are missing. At various points in the process, the reassessments will be checked by an independent external file reviewer (the audit firm PwC, supervised by the AFM). The total provision for SME derivatives-related issues as at 31 December 2018 amounted to EUR 276 million. See also "*The Issuer - I. ABN AMRO Bank N.V. - 1.9 Legal and arbitration proceedings – Sale of interest rate derivatives*").

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

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

ICS, the credit card business of ABN AMRO, identified certain issues in its credit lending portfolio and its internal processes and IT systems. ICS allowed credit limits to a number of its clients above their lending capacities. ICS prepared a redress scheme that contained remedial measures for affected clients. This redress scheme has been implemented and the final compensation payments are expected to be made in the course of 2019. ICS reported these issues to the AFM. On 15 June 2017, the AFM announced that it is imposing a fine of EUR 2.4 million on ICS for excessive credit limits.

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

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

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

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

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

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

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

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

Subject to strict rules, critical client data is stored in applications of third parties and some third party providers have access to, or are given, privacy sensitive client or employee information. The Issuer is subject to regulations that control the flow of information such as privacy laws and the passing on of price sensitive information. As a result, information about the Issuer, its clients or its employees that is made intentionally, unintentionally or unlawfully public by employees, contractors or personnel seconded to the Issuer, including employees of third party suppliers, could lead to regulatory sanctions, breaches of privacy rules, confidentiality undertakings and other legal and contractual obligations, possibly resulting in claims against the Issuer and a loss of trust in the Issuer. In addition, leaked information may be used against the interests of the Issuer, its clients or its employees, including in litigation and arbitration proceedings.

The Issuer's business relies heavily on such IT systems (including the IT systems used by the external vendors of the Issuer) and is therefore particularly exposed to operational risks relating to such systems. Any risk materializing may significantly adversely affect the Issuer's business, financial position, reputation and results of operations.

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

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

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

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

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

identify and verify the identification of clients (including whether such client is subject to sanctions), determine a client's source of funds or the reason for the banking relationship.

Over the past year, a number of European banks have been the object of money laundering investigations. The Issuer has identified customer due diligence, know your client, anti-money laundering and counter-terrorism financing as areas where the risk of non-compliance with regulations requires substantial effort. The Issuer has decided, based on existing shortcomings and input from DNB, to accelerate its customer due diligence programme in order to be compliant with anti-money laundering and terrorist financing legislation. The Issuer carried out a review of its Corporate & Institutional Banking business. A review of its Private Banking clients is now nearly complete. ABN AMRO has developed remediation programmes to speed up remediation actions in relation to ICS and Commercial Banking and has shared these with DNB and committed to their execution. For the incremental external costs involved, the Issuer has taken for ICS and Commercial Banking a provision in 2018 of EUR 85 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

claims for violation of the duty of care owed by it to clients and third parties" above and the risk factor "The Issuer is subject to reputational risk" below. As a result, litigation may adversely affect the Issuer's business. See "The Issuer—1. ABN AMRO Bank N.V. —1.9 Legal and arbitration proceedings".

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

The Issuer is subject to reputational risk.

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

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

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

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

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

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

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

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

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

The Issuer's subsidiary ABN AMRO Clearing Bank N.V. ("**ABN AMRO Clearing**") is a global clearing firm and plays a leading role as a systematically relevant participant in the financial market infrastructure on various exchanges, trading venues and on the over-the-counter markets. ABN AMRO Clearing provides, amongst others, the following services with respect to financial instruments and derivatives: clearing, settlement, custody, financing, direct market access, securities lending and margin financing. ABN AMRO Clearing is currently able to offer global market access and clearing services on more than 85 of the world's leading exchanges and operates from several locations across the globe. ABN AMRO Clearing provides these services exclusively to professional clients such as principal trading groups, alternative investors, financial institutions, corporate hedgers and market makers. Due to the nature of its clients, ABN AMRO Clearing processes very large transaction volumes on a daily basis and is responsible for clearing and settlement of large percentages of the daily volumes traded on exchanges and other liquidity centres around the world.

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

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

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

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

ABN AMRO Clearing's business operates on the basis of extensive and complex IT systems. If these systems fail to operate properly, resulting in for example trades not being settled or not being settled in a timely manner or over-the-counter transactions not being concluded in time, it could result in substantial losses for ABN AMRO Clearing as well as a potential loss of opportunity for its clients. ABN AMRO Clearing has in the past incurred and risks incurring in the future regulatory fines related to failures in the proper operation of

IT systems, regardless of whether these were caused by failure of an ABN AMRO Clearing system or a third party system. As a result, the Issuer could also suffer reputational damage.

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

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

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

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

ABN AMRO Clearing services its clients from its different branches and subsidiaries. Where relevant, a client may have entered into a number of client agreements with the different branches and subsidiaries of ABN AMRO Clearing. Information of or with respect to clients may be transported between the different branches and subsidiaries of ABN AMRO Clearing. Even though the corporate interest mandates careful handling of client information, ABN AMRO Clearing runs the risk that regulations and contractual obligations that control the flow of information such as privacy laws may be breached which could result in fines from regulators, claims from clients and reputational damage and could have a material adverse effect on ABN AMRO Clearing's business, results of operations and financial condition.

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

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

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

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

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

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

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

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

Following completion of a legal demerger, creditors only have recourse to the entity to which the relevant assets and liabilities have been transferred for payments in respect of issued financial instruments. Under the Dutch Civil Code, however, each of RBS N.V. and the Issuer remains liable to creditors for certain monetary obligations of the other that existed at the date of the Legal Demerger in the event that the other cannot meet such obligations. In each case, this liability relates only to obligations existing at the date of the Legal Demerger and is limited to the amount of equity acquired at the Legal Demerger.

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

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

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

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

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

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

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

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

On 28 June 2017 additional depositary receipts representing ordinary shares in the former ABN AMRO Group N.V. were sold. Following the settlement, the stake of the Dutch State further declined from 70% to 63%.

On 15 September 2017 additional depositary receipts representing ordinary shares in the former ABN AMRO Group N.V. were sold. Following the settlement, the stake of the Dutch State further declined from 63% to 56%.

On 21 December 2017 NLFI announced that it has transferred approximately 59.7 million ordinary shares in the former ABN AMRO Group N.V. to Stichting Administratiekantoor Continuïteit ABN AMRO Group (the "**STAK AAG**") in exchange for an equal amount of depositary receipts for ordinary shares in ABN AMRO.

On 29 June 2019 the Group Legal Merger between ABN AMRO Bank N.V. and ABN AMRO Group N.V. became effective. As a result of the Group Legal Merger, ABN AMRO Group N.V. has ceased to exist and all shares in ABN AMRO Group N.V. have become shares in ABN AMRO Bank N.V. and each depositary receipt subsequently represents one share in ABN AMRO Bank N.V.

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

The Issuer is exposed to a variety of political, legal, social, reputational, economic and other risks due to its current and future international presence.

The Issuer intends to have a strong position in Northwest Europe and serve selected sectors globally. Accordingly, the Issuer may develop a new key market or decide to make additional investments in existing higher-risk markets, and may as a result be exposed to additional or increased social, political and economic instability, among other risks. These risks relate to a wide range of factors, including but not limited to the following: currency restrictions and exchange controls, other restrictive or protectionist policies and actions, diverse systems of laws and regulation, the imposition of unexpected taxes or other payment obligations on the Issuer, changes in political regulatory and economic frameworks, economic sanctions, risks relating to modification of contract terms, or other government actions, capital controls and restrictions on the Issuer's ability to transfer cash to or repatriate cash from its subsidiaries, restrictions in certain countries on investments by foreign companies, divergent labour regulations and cultural expectations regarding employment, and divergent cultural expectations regarding industrialisation, international business and business relationships. Sometimes, in certain jurisdictions, uncertainty may exist as to whether security interests vested for the benefit of the Issuer can be enforced as a legal or as a practical matter. The Issuer is also subject to the risk that the government of a sovereign state or political or administrative subdivisions thereof defaults on its financial obligations.

In addition, the Issuer is exposed to risks relating to its existing international presence as it has a number of subsidiaries, branches, (representation) offices, businesses and operations located outside The Netherlands and clients who operate internationally. International activities of the Issuer include internet based retail savings products in Eurozone countries (currently Germany, Belgium and Austria) through Moneyou, Private Banking activities in Western Europe, asset based financing in countries neighbouring The Netherlands, and Corporate & Institutional Banking ("**CIB**") globally. For example, the Issuer offers through its CIB business asset-based financing to clients in various countries where it is exposed to sanctions risk.

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

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

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

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

The Issuer aims to achieve its strategy on the basis of three pillars: supporting its clients' transition to sustainability, reinventing its customer experience and building a future-proof bank. The strategy and targets of the Issuer are based on assumptions and expectations, including but not limited to macro-economic developments, interest rates, revenue, expenses and cost of risk, that may not prove valid. Also, the benefits and impact of the Issuer's strategy and targets could fall short of what the Issuer envisages. The Issuer may, in addition, not succeed in achieving its targets, because of insufficient management attention, incorrect decisions or choices, inefficiencies or other reasons.

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

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

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

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

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

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

If some of the following events were to occur simultaneously, this could constitute a threat to the viability of full service banks: more stringent capital requirements and more onerous risk weighting, increased competition, more regulation generally, disruptive technological advances, and pressure on margins. A combination of these and other factors might affect the profitability of the large full banking organisations

subject to a large volume of regulations that require support by a complex and expensive IT infrastructure and that are subject to high capital and liquidity requirements for generally modest-margin services. If the Issuer does not manage to respond quickly and adequately to any reduced viability of parts of its business model, for example by entering new or growing existing successful business lines, then the Issuer's business might shrink and become less profitable. Full service banks may disappear with their services being taken over by businesses that are able to operate with fewer risks, a smaller infrastructure and with lower capital. It is possible also that certain elements of the business model of full service banks will not prove viable over time as a result of which full service banks will focus on a part of their current value chain only.

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

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

The Issuer holds a non-controlling 49% interest in ABN AMRO Verzekeringen. NN Group N.V. ("NN") holds the remaining 51% interest in this joint venture. Upon a change of control in the Issuer, NN has the right to request that the Issuer buys its shares in ABN AMRO Verzekeringen at a price to be determined pursuant to a mechanism provided for in the shareholders' agreement. The current ultimate holding company of the Issuer is NL Financial Investments ("NLFI"). A change of control includes a disposal by NLFI as a result of which NLFI would no longer hold a majority interest in the Issuer.

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

Dutch tax risks related to the Dutch government's approach on tax avoidance and tax evasion.

On 10 October 2017, the Dutch government released its coalition agreement (*Regeerakkoord*) 2017-2021, which includes, among others, certain policy intentions for tax reform. The Dutch government released its Tax Plan 2019 as part of Budget Day 2018 on 18 September 2018 and made certain amendments to the Tax Plan 2019 in memoranda of amendments published on 26 October 2018, which include, among others, certain legislative proposals based on the policy intentions as mentioned in the coalition agreement and a letter on tax avoidance and tax evasion.

Two policy intentions in particular may become relevant in the context of the Dutch tax treatment of the Issuer, the Notes, and/or payments under the Notes.

The first policy intention relates to the introduction of a thin capitalisation rule for banks and insurers as of 1 January 2020 for which a draft legislative proposal has been published subject to public consultation. Based on the draft legislative proposal, the thin capitalisation rule would limit the deduction of interest payments on debt instruments if generally the leverage ratio of a bank, or the own funds ratio of an insurer, is less than 8%. The draft legislative proposal suggests that this thin capitalisation rule will apply solely to banks and insurers with a license or notification of the Dutch Central Bank to operate as such in The Netherlands, including the Issuer.

The second policy intention relates to the introduction of a withholding tax on interest paid to creditors in low tax jurisdictions or non-cooperative jurisdictions as of 2021. A legislative proposal introducing a similar conditional withholding tax on dividends (which has been postponed) and the supporting parliamentary documents thereto mention that, similar to the conditional dividend withholding tax, this interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to a group or related entity (acting as a group with others) in a low tax or non-cooperative jurisdiction. However, it cannot be ruled out that it will have a wider application and, as such, it could potentially be applicable to payments under the Notes. A legislative proposal introducing the conditional withholding tax on interest is still expected to be published in the course of 2019.

Many aspects of these policy intentions remain unclear. However, if the policy intentions are implemented they may have an adverse effect on the Issuer and its financial position.

Changes resulting from the EU Anti-Tax Avoidance Directive

As part of its anti-tax avoidance package the EU Council adopted the Anti-Tax Avoidance Directive on 12 July 2016 in Council Directive (EU) 2016/1164 ("**ATAD 1**"). ATAD 1 should have been implemented by each EU Member State as of 1 January 2019. On 29 May 2017 additional measures were introduced in Council Directive (EU) 2017/952 to neutralize the effects of hybrid mismatches with third countries ("**ATAD 2**"). The measures introduced in ATAD 2 must be implemented ultimately by 1 January 2020 and 1 January 2022 (to the extent relating to reverse hybrid mismatches).

The exact scope of these two measures, and impact on the Issuer's tax position, will depend on the implementation of the measures in the relevant EU Member State, but such measures could have a material adverse effect on the Issuer. The measures in ATAD 1 and ATAD 2 are minimum standards and, therefore, it is at the discretion of each EU Member State to implement measures in domestic law that go beyond the measures proposed in ATAD 1 and ATAD 2.

In relation to ATAD 1, the Dutch government has currently implemented this rule into Dutch laws as a result of which as of 1 January 2019 ATAD 1 came into force in the Netherlands. Given that the Issuer's business principally consists of banking related activities and under ATAD 1 the deduction of *net* borrowing costs will be limited to 30% of a taxpayer's adjusted EBITDA (to which a €1.0 million threshold applies), the Issuer does not expect that ATAD 1 may have an adverse effect on the Issuer and its financial position in the Netherlands.

In relation to ATAD 2, on 29 October 2018 the Dutch government published a draft legislative proposal as part of a public consultation which ended on 10 December 2018. A legislative proposal implementing ATAD 2 is expected in 2019. However, in the absence of final implementing legislation (other than this draft legislative proposal which was subject to public consultation), the actual scope and implications of ATAD 2 are presently unascertainable.

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

The Notes may not be a suitable investment for all investors

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

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

Base Prospectus or any applicable supplement;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Risks related to the structure of a particular issue of Notes

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

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

The Final Terms of any issue of a Series of Notes under the Programme may specify that such Notes are subject to redemption at the option of the Issuer, including pursuant to the Issuer's option under Condition 5(b) (*Redemption for Tax Reasons*), Condition 5(c) (*Redemption at the Option of the Issuer (Issuer Call)*), in respect of the Senior Non-Preferred Notes, Condition 5(d) (*Redemption, substitution and variation of Senior Non-Preferred Notes due to MREL Disqualification Event*) of the Terms and Conditions of the Senior Non-Preferred Notes, and, in respect of the Subordinated notes, Condition 5(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes. See also the risk factors "*The Senior Non-Preferred Notes are a new class of securities, rank junior to most of the Issuer's liabilities (other than subordinated liabilities) in bankruptcy and in bail-in and have limited rights to accelerate*" and "*There is a redemption risk in respect of certain issues of Subordinated Notes*" below. Any optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

Variable Rate Notes with a multiplier or other leverage factor can be a volatile investment

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar

related, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes.

Fixed/Floating Rate Notes may bear interest at a rate that may be automatically converted from a fixed rate to a floating rate, or from a floating rate to a fixed rate, as further specified in the applicable Final Terms. Such conversion may affect the secondary market and the market value of the Notes since the Issuer may convert the rate when it is likely to produce a lower overall cost of borrowing. If the rate is converted from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the rate is converted from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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

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

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

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

The regulation and reform of "benchmarks" (including LIBOR and EURIBOR) may adversely affect the liquidity and value of, and return on, Notes linked to or referencing such "benchmarks".

The London inter-bank offered rate ("**LIBOR**"), the Euro-zone inter-bank offered rate ("**EURIBOR**") and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences, including those which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

The Benchmark Regulation was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to benchmarks and the use of benchmarks within the EU. The Benchmark Regulation could have a material impact on any Notes linked to LIBOR, EURIBOR or other benchmarks, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of, the published rate or level, of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. Although, as far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation continue to apply, such that the provider of EURIBOR (the European Money Markets Institute) is not currently required to obtain authorisation/registration, there is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance

with the Benchmark Regulation and other applicable regulations and reforms, and the risks associated therewith.

An example of such benchmark reform was the announcement on 27 July 2017 by the Chief Executive of the United Kingdom's Financial Conduct Authority (the "**FCA**"), which regulates LIBOR, stating that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences that cannot be predicted. Additionally, in March 2017, the European Money Markets Institute (the "**EMMI**") (formerly EURIBOR-EBF) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmark Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR and on 19 February 2019, following the publication of its second consultation paper on a hybrid methodology for EURIBOR, EMMI released the time series of the "Hybrid Euribor Testing Phase".

The potential elimination of, or the potential changes in the manner of administration of, LIBOR, EURIBOR or any other benchmark could require an adjustment to the terms and conditions to reference an alternative benchmark, or result in other consequences, including those which cannot be predicted, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes and, to the extent subject to one or more resets during their tenor, Fixed Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other benchmark).

Investors should be aware that, if LIBOR, EURIBOR or any other benchmark were discontinued or otherwise unavailable, the rate of interest on any Notes which reference any such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the relevant benchmark rate is to be determined under the Conditions of the Notes, this may (i) be reliant upon the provision by reference banks of offered quotations for such rate which, depending on market circumstances, may not be available at the relevant time, (ii) be reliant on the Independent Advisor or the Issuer being able to determine a Successor Reference Rate or an Alternative Reference Rate (each as defined in the Conditions of the Notes) or (iii) result in the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available. It is possible that the Issuer may itself determine a fall-back interest rate. In such case, the Issuer will make such determinations and adjustments as it deems appropriate, in accordance with the Conditions of the Notes. In making such determinations and adjustments, the Issuer may be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

Uncertainty as to the continuation of a benchmark, the availability of quotes from reference banks to allow for the continuation of the benchmark rate on any Notes, the ability of any agent, the Issuer or any administrator to establish a fall-back interest rate for any Notes (including the possibility that a license or registration may be required for such agent, the Issuer or any administrator under the applicable legislation), and the rate that would be applicable if the relevant benchmark is discontinued may adversely affect the trading market and the value of the Notes and the determination of any successor rate could lead to economic prejudice or benefit (as applicable) to investors. At this time, it is not possible to predict what the effect of these developments will be or what the impact on the value of the Notes will be. More generally, any of the above changes or any other consequential changes to LIBOR, EURIBOR or any other "benchmark" as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the liquidity and value of, and return on, any Notes based on or linked to a "benchmark". Furthermore, if the Issuer is unable to appoint an Independent Adviser or if an Independent Adviser appointed

by it fails to determine a Successor Reference Rate or an Alternative Reference Rate or Adjustment Spread in accordance with the Conditions of the Notes, the Issuer may have to exercise its discretion to determine (or to elect not to determine) a Successor Reference Rate or an Alternative Reference Rate or Adjustment Spread, if applicable. Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Notes issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green assets. Any failure to use the net proceeds of any Series of Green Bonds to finance and/or refinance eligible green projects, loans, expenditures and/or investments, and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Bonds may affect the value and/or trading price of the Green Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

The Issuer may issue Notes under the Programme where the applicable Final Terms specify that the Issuer intends to use the net proceeds from such issuance of Notes to finance and/or refinance, in whole or in part, new and existing projects, loans, expenditures and/or investments as set out in and in accordance with the Issuer's green bond framework as amended from time to time (such projects, loans, expenditures and/or investments the "**Eligible Assets**" and such framework the "**ABN AMRO Green Bond Framework**"). Such Notes may also be referred to as "**Green Bonds**". Such Eligible Assets will be described in the chapter below named "*Use of Proceeds*" and in item 4 of Part B (*Reasons for the offer*) of the applicable Final Terms.

In connection with an issue of Green Bonds, the Issuer may request an external verifier to provide a pre-issuance verification in which such external verifier verifies alignment of the Green Bonds with one or more of the appropriate standards in the green bonds market (such as the Green Bond Principles (as published by the International Capital Market Association (the "**Green Bond Principles**")), the Climate Bond Initiative's standards, the EU Green Bond Standard or any other similar standards, as applicable and as selected by the Issuer) (all such standards the "**Relevant Green Bond Standards**" and such a verification a "**Pre-Issuance Verification**").

While the various Relevant Green Bond Standards do provide a high level framework, there is currently no market consensus on what precise attributes are required for a particular project, loan, expenditure and/or investment to be defined as "green", and therefore no assurance can be provided to potential investors that the Eligible Assets to be specified in the applicable Final Terms will meet all investors' expectations regarding environmental performance or continue to meet the relevant eligibility criteria or continue to qualify as Eligible Assets. Although Eligible Assets are expected to be selected in accordance with one or more of the Relevant Green Bond Standards and are expected to be developed in accordance with applicable legislation and one or more of the Relevant Green Bond Standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such green or sustainable projects, loans, expenditures and/or investments or that the anticipated environmental benefits will be realised. Where any negative impacts are insufficiently mitigated, Eligible Assets may become controversial and/or may be criticised by activist groups or other stakeholders. Potential investors should be aware that any Pre-Issuance Verification will not be incorporated into, and will not form part of, this Base Prospectus or the applicable Final Terms. Any such Pre-Issuance Verification may not reflect the potential impact of all risks related to the structure of the relevant Series of Green Bonds, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Green Bonds. Any such Pre-Issuance Verification is not a recommendation to buy, sell or hold securities and is only current as of its date of issue. Further, although the Issuer may agree at the issue date of any Green Bonds to certain allocation and/or impact reporting and to use the proceeds for the financing and/or refinancing of Eligible Assets (as specified in the applicable Final Terms), it would not be an event of default under the Green Bonds if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in the applicable Final Terms and/or (ii) the Issuer would amend the eligibility criteria for the Eligible Assets and/or (iii) the Pre-Issuance Verification or any other applicable verification or certification were to be withdrawn or not provided. Any failure to use the net proceeds of any Series of Green Bonds to finance and/or refinance Eligible Assets and/or any failure to meet, or to continue to meet, the investment requirements of certain environmentally focused investors with respect to such Green Bonds may affect the value and/or trading price of the Green Bonds, and/or may have consequences for certain investors with portfolio mandates

to invest in green assets, which may cause one or more of such investors to dispose of the Green Bonds held by them, which may affect the value, trading price and/or liquidity of the relevant Series of Green Bonds.

Neither the Issuer nor the Dealers make any representation as to the suitability for any purpose of any Pre-Issuance Verification or whether any Green Bonds fulfil the relevant environmental criteria or standards. Prospective investors should have regard to the Eligible Assets described in the applicable Final Terms. Each potential purchaser of any Series of Green Bonds should determine for itself the relevance of the information contained in this Base Prospectus and in the applicable Final Terms regarding the use of proceeds and its purchase of any Green Bonds should be based upon such investigation as it deems necessary. None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

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

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

Risks related to Senior Non-Preferred Notes

The Senior Non-Preferred Notes are a new class of securities, rank junior to most of the Issuer's liabilities (other than subordinated liabilities) in bankruptcy and in bail-in and have limited rights to accelerate.

On 25 October 2017, the European Commission announced that it had reached political agreement with the Parliament and the Council to fast-track selected parts of the EU Banking Reform Proposals, including a proposed Directive amending Article 108 of BRRD designed to create a new category of unsecured debt for banks and other credit institutions. Directive (EU) 2017/2399 (the "**Article 108 Amending Directive**") was published in the Official Journal on 27 December 2017, and EEA member states are required to transpose into national law the revised hierarchy requirements and apply them by 29 December 2018. Whilst the European Commission considers this new category as "still being part of the senior unsecured debt category (only as an un-preferred tier senior debt)", in an insolvency of the Issuer it nevertheless ranks junior to ordinary unsecured creditors and other senior unsecured and preferred debts ("**Senior Non-Preferred Debt**"). A bill implementing Article 108 Amending Directive in The Netherlands came into force in December 2018.

As further set out in Condition 3 (*Status and ranking of the Senior Non-Preferred Notes*) of the Terms and Conditions of the Senior Non-Preferred Notes, the Issuer intends that claims in respect of its Senior Preferred Notes will constitute part of the class of 'ordinary unsecured claims' referred to in the Article 108 Amending Directive, whilst its Senior Non-Preferred Notes will constitute part of the new, lower-ranking (un-preferred) 'senior' unsecured class (but will rank ahead of the Subordinated Notes).

Whilst Senior Non-Preferred Notes and Senior Preferred Notes both share the 'senior' designation under the Programme, in an insolvency of the Issuer the Senior Non-Preferred Notes will rank junior to the Senior Preferred Notes (which, in turn, rank junior to obligations of the Issuer which are by law given priority over the Senior Preferred Notes) and other unsecured and unsubordinated liabilities. Accordingly, prospective investors in Notes issued under the Programme should note that, in the event of the Issuer's insolvency (*faillissement*), the Issuer would generally expect investors in Senior Non-Preferred Notes to lose their entire investment before losses are imposed on holders of the Senior Preferred Notes. Further, investors in Senior Non-Preferred Notes will not be entitled to exercise any rights of set-off against the Issuer in respect of such Notes at any time.

Senior Non-Preferred Noteholders will only have limited rights to accelerate repayment of the principal amount of Senior Non-Preferred Notes. See Condition 8 (*Events of Default*) of the Terms and Conditions of the Senior Non-Preferred Notes, which limits the events of default to (i) the Issuer being declared bankrupt and (ii) an order being made or an effective resolution being passed for the winding up or liquidation of the Issuer (unless this is done in connection with a merger, consolidation or other form of combination with another

company and such company assumes all obligations contracted by the Issuer in connection with the Senior Non-Preferred Notes). Accordingly, if the Issuer fails to meet any interest payment or other obligation under the Senior Non-Preferred Notes, such failure will not give the Senior Non-Preferred Noteholders any right to accelerate repayment of the principal amount of the Senior Non-Preferred Notes.

Furthermore, the Conditions of the Notes do not restrict the amount of liabilities and securities (such as the Senior Preferred Notes) which the Issuer may incur or issue and which rank in priority of payments with the Senior Non-Preferred Notes. Also the Issuer is not restricted in issuing further Senior Non-Preferred Debt ranking *pari passu* with the Senior Non-Preferred Notes. The issue of any such securities may reduce the amount recoverable by Senior Non-Preferred Noteholders on a bankruptcy or liquidation of the Issuer. Accordingly, in the winding-up or liquidation of the Issuer and after payment of the claims of senior creditors and of depositors, there may not be a sufficient amount to satisfy (all of) the amounts owing to the Senior Non-Preferred Noteholders.

In addition, the rights of Senior Non-Preferred Noteholders are limited in certain respects. In particular, (i) redemption of Senior Non-Preferred Notes pursuant to Conditions 5(b) (*Redemption for Tax Reasons*), 5(c) (*Redemption at the Option of the Issuer (Issuer Call)*), 5(d) (*Redemption, substitution and variation of Senior Non-Preferred Notes due to MREL Disqualification Event*) and 5(f) (*Purchases*) of the Terms and Conditions of the Senior Non-Preferred Notes may only be effected after the Issuer has obtained the written permission of the Competent Authority (if so required at the relevant time), and (ii) the Issuer may be required to obtain the prior written permission of the Competent Authority before effecting any repayment of Senior Non-Preferred Notes following an Event of Default. See Conditions 5(e) (*Early Redemption Amounts*) and 8 (*Events of Default*) of the Terms and Conditions of the Senior Non-Preferred Notes for further details.

The Senior Non-Preferred Notes and any other statutory senior non-preferred obligations (*niet preferente niet achtergestelde schuld*) of the Issuer are designed to contribute towards the Issuer's Eligible Liabilities' for the purposes of its MREL requirement. See also the risk factor "*Resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding*" above. Any resolution action taken in respect of the Issuer would generally be expected to respect the relative ranking of its obligations as described above, with losses imposed on lower-ranking obligations before losses are imposed on higher-ranking obligations. Accordingly, if the MREL calibration is accurate, it may be the case that, in a resolution, investors in the Senior Non-Preferred Notes may lose all or substantially all of their investment whilst investors in the Senior Preferred Notes suffer lower (or no) losses (although there can be no assurance that investors in the Senior Preferred Notes will not also suffer substantial losses). The market value of the Senior Non-Preferred Notes may therefore be more severely adversely affected and/or more volatile if the Issuer's financial condition deteriorates than the market value of the Senior Preferred Notes. Accordingly, although Senior Non-Preferred Notes may pay a higher rate of interest than Senior Preferred Notes, holders of the Senior Non-Preferred Notes may bear significantly more risk than holders of the Senior Preferred Notes (notwithstanding that both share the 'senior' designation under the Programme). Investors should ensure they understand the relative ranking of Notes issued under the Programme – including as between the Senior Preferred Notes, the Senior Non-Preferred Notes and the Subordinated Notes – and the risks consequent thereon, before investing in any Notes. See also the risk factor "*Banking legislation dealing with ailing banks give regulators resolution powers (including powers to write down debt)*" below.

The qualification of the Senior Non-Preferred Notes as Eligible Liabilities is subject to uncertainty and may cause the Issuer to redeem the Senior Non-Preferred Notes following a MREL Disqualification Event.

The Senior Non-Preferred Notes are intended to be Eligible Liabilities available to meet any MREL requirement of the Issuer. However, there is uncertainty regarding the final substance of the MREL regulations, and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that the Senior Non-Preferred Notes will be (or thereafter remain) Eligible Liabilities for MREL purposes. See also the risk factor "*Resolution regimes may lead to fewer assets of the Issuer being available*

to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding" above.

If, for any reason, the Senior Non-Preferred Notes are or will be excluded from MREL Eligible Liabilities, the Issuer may be able to redeem the Senior Non-Preferred Notes if an MREL Disqualification Event has occurred.

A MREL Disqualification Event shall be deemed to have occurred in respect of Senior Non-Preferred Notes if as a result of any amendment to, or change in, any Applicable MREL Regulations or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the first Tranche of such Senior Non-Preferred Notes, such Senior Non-Preferred Notes are or (in the opinion of the Issuer or the Competent Authority) are likely to become fully or, if so specified in the applicable Final Terms, partially excluded from the Issuer's MREL Eligible Liabilities determined in accordance with, and pursuant to, the Applicable MREL Regulations; provided that a MREL Disqualification Event shall not occur where the exclusion of the Senior Non-Preferred Notes from the relevant minimum requirement(s) is due to (i) the remaining maturity of the Senior Non-Preferred Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the Applicable MREL Regulations effective with respect to the Issuer on the Issue Date of the first Tranche of such Senior Non-Preferred Notes or (ii) any applicable limits on the amount of MREL Eligible Liabilities permitted or allowed to meet the MREL Requirement.

If any of the Senior Non-Preferred Notes are to be redeemed as a result of a MREL Disqualification Event or there is a perception that such Senior Non-Preferred Notes may be so redeemed, this may impact the market price of the Senior Non-Preferred Notes. In addition, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Senior Non-Preferred Notes. See also the risk factor "*The Notes may be subject to optional redemption by the Issuer*" above.

There is variation or substitution risk in respect of certain Series of Senior Non-Preferred Notes.

If Variation or Substitution is specified in the applicable Final Terms and if as a result of a MREL Disqualification Event the whole of the outstanding nominal amount of the Senior Non-Preferred Notes can no longer be, or is likely to become no longer, included in full as MREL Eligible Liabilities, then the Issuer may, subject to the prior written permission of the Competent Authority if required at the relevant time (but without any requirement for the permission of the Senior Non-Preferred Noteholders), substitute all (but not some only) of such Senior Non-Preferred Notes for, or vary the terms of such Senior Non-Preferred Notes so that they remain or become, MREL Eligible Liabilities. However, the Issuer cannot make changes to the terms of the Senior Non-Preferred Notes or substitute the Senior Non-Preferred Notes for securities that are materially less favorable to the Senior Non-Preferred Noteholders. Following such variation or substitution the resulting securities must have, *inter alia*, at least the same ranking and interest rate and the same maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same (solicited) ratings as the Senior Non-Preferred Notes. Nonetheless, no assurance can be given as to whether any of these changes will adversely affect any particular Senior Non-Preferred Noteholder. In addition, the tax and stamp duty consequences of holding such varied or substituted Senior Non-Preferred Notes could be different for some categories of Senior Non-Preferred Noteholders from the tax and stamp duty consequences of their holding the Senior Non-Preferred Notes prior to such variation or substitution. See Condition 5(d) (*Redemption, substitution and variation of Senior Non-Preferred Notes due to MREL Disqualification Event*) of Terms and Conditions of the Senior Non-Preferred Notes for further details.

The Competent Authority may have discretion as to whether or not it will approve any substitution or variation of the Subordinated Notes. Any such substitution or variation which is considered by the Competent Authority to be material may be treated by it as the issuance of a new instrument. Therefore, the Senior Non-Preferred Notes, as so substituted or varied, may need to be made eligible as MREL in accordance with the then

Applicable MREL Regulations

Risks related to Subordinated Notes

Holders of Subordinated Notes have limited rights to accelerate

The Issuer may issue Subordinated Notes under the Programme which are subordinated to the extent described in Condition 2 (*Status and Ranking of the Subordinated Notes*) of the Conditions of the Subordinated Notes.

Any such Subordinated Notes will constitute unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and subordinated obligations of the Issuer (other than those subordinated obligations expressed by their terms to rank junior to the Subordinated Notes), save for those preferred by mandatory and/or overriding provisions of law.

As a result, in the event of liquidation or bankruptcy of the Issuer, the claims of the holders of the Subordinated Notes ("**Subordinated Noteholders**") 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 Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money (including Statutory Senior Non-Preferred Obligations such as the Senior Non-Preferred Notes) and (c) other unsubordinated claims. By virtue of such subordination, payments to a Subordinated Noteholder will, in the event of liquidation or bankruptcy of the Issuer, only be made after all obligations of the Issuer resulting from such higher ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

A Subordinated Noteholder may therefore recover less than the holders of deposit liabilities or the holders of other unsubordinated (including Statutory Senior Non-Preferred Obligations such as the Senior Non-Preferred Notes) or subordinated liabilities of the Issuer.

Furthermore, the Conditions of the Notes do not restrict the amount of liabilities and securities (such as the Senior Non-Preferred Notes) which the Issuer may incur or issue and which rank in priority of payments with the Subordinated Notes. Also the Issuer is not restricted in incurring or issuing further subordinated liabilities and securities ranking *pari passu* with the Subordinated Notes. The issue of any such securities may reduce the amount recoverable by Subordinated Noteholders in the bankruptcy or liquidation of the Issuer. Accordingly, in the winding-up or liquidation of the Issuer and after payment of the claims of senior creditors and of depositors, there may not be a sufficient amount to satisfy (all of) the amounts owing to the Subordinated Noteholders.

In addition, the rights of Subordinated Noteholders are limited in certain respects. In particular, (i) redemption of Subordinated Notes pursuant to Conditions 5(b) (*Redemption for Tax Reasons*), 5(c) (*Redemption at the Option of the Issuer (Issuer Call)*), 5(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) or 5(f) (*Purchases*) of the Conditions of the Subordinated Notes may only be effected after the Issuer has obtained the written permission of the Competent Authority, and (ii) the Issuer may be required to obtain the prior written permission of the Competent Authority before effecting any repayment of Subordinated Notes following an Event of Default. See Conditions 5(e) (*Early Redemption Amounts*) and 8 (*Events of Default*) of the Conditions of the Subordinated Notes for further details.

Subordinated Noteholders will only have limited rights to accelerate repayment of the principal amount of Subordinated Notes. See Condition 8 (*Events of Default*) of the Conditions of the Subordinated Notes, which limits the events of default to (i) the Issuer being declared bankrupt and (ii) an order being made or an effective resolution being passed for the winding up or liquidation of the Issuer (unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Subordinated Notes). Accordingly, if the Issuer

fails to meet any interest payment or other obligation under the Subordinated Notes, such failure will not give the Subordinated Noteholders any right to accelerate repayment of the principal amount of the Subordinated Notes. Furthermore, Subordinated Noteholders will have no set-off rights.

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

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

If Regulatory Call is specified in the applicable Final Terms in respect of Subordinated Notes such Notes will be redeemable at the option of the Issuer upon the occurrence of a Capital Event at the amount and on the date(s) specified in the applicable Final Terms subject to (i) the prior written permission of the Competent Authority provided that at the relevant time such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) the Issuer demonstrating to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include requiring the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer. In addition, if, for any reason, the Subordinated Notes are or will be excluded from MREL Eligible Liabilities, the Issuer may be able to redeem the Subordinated Notes if an MREL Disqualification Event has occurred. See also the risk factor "*The qualification of the Senior Non-Preferred Notes as Eligible Liabilities is subject to uncertainty and may cause the Issuer to redeem the Senior Non-Preferred Notes following a MREL Disqualification Event*" which applies *mutatis mutandis* to the Subordinated Notes.

A "**Capital Event**" shall occur if there is a change in the regulatory classification of the Subordinated Notes that has resulted or would be likely to result in the Subordinated Notes being excluded, in whole but not in part, from the Tier 2 capital (within the meaning of the CRD IV Regulation) of the Issuer or reclassified as a lower quality form of own funds of the Issuer, which change in regulatory classification (or reclassification) (i) becomes effective on or after the Issue Date and, if redeemed within five years after the Issue Date, (ii) is considered by the Competent Authority to be sufficiently certain and (iii) the Issuer has demonstrated to the satisfaction of the Competent Authority was not reasonably foreseeable at the time of their issuance as required by article 78(4) CRD IV Regulation.

If any of the Subordinated Notes are to be redeemed as a result of the above or there is a perception that such Subordinated Notes may be so redeemed, this may impact the market price of the Subordinated Notes. In addition, there can be no assurance that Subordinated Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Subordinated Notes. See also the risk factor "*The Notes may be subject to optional redemption by the Issuer*".

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

If Variation or Substitution is specified in the applicable Final Terms and if a CRD IV Capital Event or a Capital Event has occurred, then the Issuer may, subject to the prior written permission of the Competent Authority if required at the relevant time (but without any requirement for the consent or approval of the Subordinated Noteholders), substitute the Subordinated Notes or vary the terms of the Subordinated Notes in order to ensure that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. The terms and conditions of such varied or substituted Subordinated Notes may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Subordinated Notes. However, the Issuer cannot make changes to the terms of the Subordinated Notes or substitute the Subordinated Notes for securities that are materially less favourable to the Subordinated Noteholders. Following such variation or substitution the resulting securities must have, *inter alia*, at least the same ranking and interest rate and the same maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same (solicited)

ratings as the Subordinated Notes. Nonetheless, no assurance can be given as to whether any of these changes will adversely affect any particular Subordinated Noteholder. In addition, the tax and stamp duty consequences of holding such varied or substituted Notes could be different for some categories of Subordinated Noteholders from the tax and stamp duty consequences of their holding the Subordinated Notes prior to such variation or substitution. See Condition 5(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes for further details.

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

"CRD IV" and "CRD IV Capital Event" have the meanings ascribed thereto in Condition 5(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Conditions of the Subordinated Notes.

Risks related to the Notes generally

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

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

Because the Notes will not be issued pursuant to an indenture, Noteholders will not have the benefit of a trustee to act upon their behalf and each Noteholder will be responsible for acting independently with respect to certain matters affecting such Noteholder's Note, including accelerating the maturity thereof upon the occurrence of an event of default, enforcing any covenants contained therein and responding to any requests for consents, waivers or amendments. See Condition 8 (*Events of default*) and Conditions of the Notes.

The Notes are subject to modification, waivers and substitution

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

The conditions of the Notes also provide that the Agent may, without the consent of Noteholders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Noteholders) of any of the provisions of Notes which is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 (*Substitution of the Issuer*) of the Conditions of the Notes; (iv) the variation or substitution of certain Subordinated Notes in the circumstances described in Condition 5(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*) of the Conditions of the Subordinated Notes or (v) the variation or substitution of certain Senior Non-Preferred Notes in the circumstances described in Condition 5(d) (*Redemption, substitution and variation of Senior Non-Preferred Notes due to MREL Disqualification Event*) of the Terms and Conditions of the Senior Non-Preferred Notes.

Tax consequences of holding the Notes may be complex

Potential investors should consider the tax consequences of investing in the Notes and consult their

tax adviser about their own tax situation. In particular, depending on which provision is specified in the applicable Final Terms, the Issuer may either (i) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes and shall not pay any additional amounts to the holders of the Notes, if such withholding or deduction is required by law or (ii) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal (in the case of Senior Preferred Notes only) and interest which would otherwise have been receivable in respect of the Notes as the case may be, in the absence of such withholding or deduction. See further “*Taxation*”.

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

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

Because the Global Notes are 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 Notes

Unless otherwise specified in the applicable Final Terms, the Notes will be initially represented by Temporary Global Notes which are exchangeable for Permanent Global Notes. The Global Notes will be held by a common safekeeper for Euroclear and Clearstream, Luxembourg. Noteholders will not be entitled to receive Definitive Notes, except in certain limited circumstances, as more fully described in the section headed “*Form of the Notes*” below. For as long as the Notes are represented by a Global Note held by a common safekeeper for Euroclear and/or Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on the Global Notes will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Note and, in the case of a Temporary Global Note, certification as to non U.S. beneficial ownership. The bearer of the relevant Global Note, being the common safekeeper for Euroclear and/or Clearstream, Luxembourg, shall be treated by the Issuer and any Paying Agent as the sole holder of the Notes represented by such Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note. 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 Notes or such investor holds interests in any Notes through accounts with Euroclear or Clearstream, Luxembourg, such investor must look solely to Euroclear or Clearstream, Luxembourg and the relevant nominee service provider

for his 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 Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or clearing system, as well as the Issuer.

For the purposes of (a) distributing any notices to Noteholders, (b) recognizing Noteholders for the purposes of attending and/or voting at any meetings of Noteholders and (c) a notice, following Events of Default, by any Noteholder in which it is declared that the Note held by a Noteholder is forthwith due and payable (as described in Condition 8 (*Events of Default*)), the Issuer will recognise as Noteholders only those persons who are at any time shown as accountholders in the records of Euroclear and/or Clearstream, Luxembourg as persons holding a principal amount of Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. 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 Notes, 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 Note 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 Note be accelerated in the circumstances described in Condition 8 (*Events of Default*) where any Note is still represented by a Global Note, only investors which are accountholders holding their Notes 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 Notes 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 Notes or should require such nominee service provide to transfer such direct rights to the investor.

None of the Issuer, any Dealer 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.

The Base Prospectus must be read together with applicable Final Terms

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

Change of law and jurisdiction may impact the Notes

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

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

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

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

In addition to the tools currently specified in the Dutch Intervention Act, the BRRD and the SRM provide the single European resolution board (the "**Resolution Board**") the power to ensure that capital instruments (such as the Subordinated Notes qualifying as Tier 2 instruments) and certain eligible liabilities (such as the Senior Preferred Notes and the Senior Non-Preferred Notes) absorb losses when the Issuer meets the conditions for resolution, through the write-down or conversion to equity of such instruments (the "**Bail-In Tool**").

These powers and tools are 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 European Banking Authority guidelines set out the objective elements for determining whether an institution is failing or likely to fail, it is uncertain how the relevant resolution authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and in deciding whether to exercise a resolution power. The relevant resolution authority is also not required to provide any advance notice to the Noteholders of its decision to exercise any resolution power. Therefore, the Noteholders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer or the Noteholders' rights under the Notes.

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

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

- (a) the Issuer is failing or likely to fail, which means (i) the Issuer has incurred/is likely to incur

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

- (b) there is no reasonable prospect that a private action or supervisory action would prevent the failure; and
- (c) a resolution action is necessary in the public interest.

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

1. CET1 capital instruments;
2. Additional Tier 1 capital instruments;
3. Tier 2 capital instruments (such as Subordinated Notes qualifying as Tier 2 instruments);
4. eligible liabilities in the form of subordinated debt that is not Additional Tier 1 capital or Tier 2 capital in accordance with the hierarchy of claims in normal insolvency proceedings;
5. eligible liabilities qualifying as Statutory Senior Non-Preferred Obligations (such as the Senior Non-Preferred Notes);
6. the rest of eligible liabilities (such as the Senior Preferred Notes) in accordance with the hierarchy of claims in normal insolvency proceedings.

Eligible liabilities in category 6 include senior unsecured debt instruments (such as the Senior Preferred Notes) and other liabilities that are not excluded from the scope of the Bail-in Tool pursuant to the BRRD, such as non-covered deposits or financial instruments that are not secured. Instruments of the same ranking are generally written down or converted to equity on a pro rata basis subject to certain exceptional circumstances set out in the BRRD.

No assurance can be given that the Issuer's MREL requirement and therefore the amount of MREL is sufficient to avoid the holders of Senior Preferred Notes losing in a resolution of the Issuer all or substantially all of their investment in the Senior Preferred Notes.

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

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

the rights and effective remedies of Noteholders in the course of any resolution of the Issuer.

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

In addition to the Bail-In Tool and the Write-Down and Conversion Power, the SRM provides the Resolution Board with broader powers to implement other resolution measures with respect to the Issuer when it meets the conditions for resolution, which may include (without limitation) the sale of the Issuer's business, the separation of assets, the replacement or substitution of the Issuer as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments. Any exercise of such tools or perceived exercise could impact the market value of the Notes.

With a view to the developments described above, the Conditions of the Senior Non-Preferred Notes and the Conditions of the Subordinated Notes stipulate that the Senior Non-Preferred Notes and the Subordinated Notes may become subject to the determination by the Resolution Authority or the Issuer (following instructions from the Resolution Authority) that all or part of the nominal amount of such Notes, including accrued but unpaid interest in respect thereof, must be written down, reduced, redeemed and cancelled or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Notes subject to Statutory Loss Absorption shall be written down, reduced, redeemed and cancelled or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by the Applicable Resolution Framework, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the relevant Noteholders will have no further claims in respect of the amount so written down or subject to conversion or otherwise as a result of such Statutory Loss Absorption.

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

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

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

The Dutch Intervention Act, BRRD and the SRM could materially and adversely affect the position of certain categories of the Noteholders and the credit rating attached thereto, in particular if and when any of the above proceedings would be commenced against the Issuer. The rights and effective remedies of the holders of the Noteholders, as well as their market value, may be affected by any such proceedings.

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

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

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

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

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

Risks related to the market generally

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

A secondary market may not develop for the Notes

Notes may have no established trading market when issued, and one may never develop. If a market

does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

The Notes are subject to exchange rate risks and exchange controls

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

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

The price of notes are affected by changes in interest rates

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

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

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

An investor's investments in the Notes may be subject to restrictions and qualifications

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

treatment of Notes under any applicable risk-based capital or similar rules.

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

When Notes 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 Notes. 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 Notes before investing in the Notes.

The PRIIPs regulation may reduce the ability of an investor to on-sell the Notes

The Notes will not be offered to retail investors as defined in Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (the "**PRIIPs Regulation**"). Unless required by the PRIIPs Regulation, the Issuer will not prepare a key information document (as described in the PRIIPs Regulation) with respect to any Note. In such circumstances when the Issuer does not produce a key information document, the ability of an investor to on-sell the Notes may be reduced.

Risks relating to Singapore taxation

Notes to be issued from time to time under the Programme, which are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, are subject to the fulfilment of certain conditions more particularly described in "Singapore Taxation".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws, administrative guidelines or circulars be amended or revoked at any time, which amendment or revocation may be prospective or retroactive.

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Conditions, in which event, if appropriate, a supplement to the Base Prospectus or a new prospectus will be published.

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below, respectively, shall have the same meanings in this summary. Throughout this section the term ABN AMRO is used as a reference to the Issuer and its consolidated subsidiaries and other group companies.

Issuer:	ABN AMRO Bank N.V.
Description:	Programme for the issuance of Medium Term Notes.
Arranger:	ABN AMRO Bank N.V.
Dealers:	ABN AMRO Bank N.V. and any other Dealers appointed in respect of the Notes in accordance with the Programme Agreement
Regulatory Matters:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale" below).
Issuing and Principal Paying Agent:	ABN AMRO Bank N.V.
Size:	The Programme amount is unlimited.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the applicable Final Terms.
Currencies:	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer (if any), including, without limitation, Australian dollars, Canadian dollars, euro, Hong Kong dollars, New Zealand dollars, Sterling, Swiss francs, United States dollars and Japanese yen.
Maturities:	Any maturity, subject to applicable laws, regulations and restrictions and subject, in the case of Senior Notes, to a minimum maturity of one month.
Issue Price:	Notes may be issued on a fully-paid basis and at any issue price which is at par or at a discount to, or premium over, par and shall be determined by the Issuer and the Dealers in accordance with market conditions.

Form of Notes:

The Notes are in bearer form. Each Tranche of Notes will be in either NGN or CGN form and will (unless otherwise specified in the applicable Final Terms) initially be represented by a Temporary Global Note which will be deposited on the relevant Issue Date either (i) with, in the case of CGNs, a common depository or, in the case of NGNs, a common safekeeper for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system or (ii) with Euroclear Netherlands. The Temporary Global Note will be exchangeable as described therein for either a Permanent Global Note (as defined herein) or definitive Notes. A Permanent Global Note is exchangeable for definitive Notes only upon the occurrence of an Exchange Event, all as described in "Form of the Notes" below and in respect of Global Notes deposited with Euroclear Netherlands only in the limited circumstances as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) and in accordance with the rules and regulations of Euroclear Netherlands. Any interest in a Global Note will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system or (ii) Euroclear Netherlands, as appropriate.

Fixed Rate Notes:

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

Floating Rate Notes:

Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).

The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms.

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

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer (if any), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer (if any) (as indicated in the applicable Final Terms).

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount or at par and will not bear interest other than in the

case of late payment as may be specified in the applicable Final Terms.

Redemption:

The applicable Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable for taxation reasons and/or at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

Redemption of Senior Non-Preferred Notes due to a MREL Disqualification Event

If a MREL Disqualification Event as specified in the applicable Final Terms has occurred, the Issuer may at its option, redeem at any time (in the case of Senior Non-Preferred Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), in accordance with the Conditions, all, but not some only, of the Senior Non-Preferred Notes at the Optional Redemption Amount specified in the applicable Final Terms.

Any redemption or substitution and variation of Senior Non-Preferred Notes in accordance with the Final Terms is subject to (i) the Issuer obtaining the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given and (ii) compliance with any other pre-conditions to, or requirements applicable to, such redemption, substitution or variation as may be required by the Competent Authority or the Applicable MREL Regulations at such time.

Regulatory Call Option in respect of Subordinated Notes

If Regulatory Call is specified in the applicable Final Terms in respect of Subordinated Notes such Notes will be redeemable at the option of the Issuer upon the occurrence of a Capital Event or an MREL Disqualification Event, subject to:

- (a) in the case of Subordinated Notes qualifying as Tier 2 Notes, (i) the prior written permission of the Competent Authority provided that at the relevant time such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) the Issuer demonstrating to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include requiring the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (b) in the case of Subordinated Notes qualifying as MREL Eligible Liabilities, (i) the prior permission of the Competent Authority provided that at the relevant time such permission is required to be given and (ii) compliance with any other pre-conditions to, or requirements applicable to, such redemption as may be required by the Competent Authority or the Applicable MREL

Regulations at such time.

A "Capital Event" shall occur if there is a change in the regulatory classification of the Subordinated Notes that has resulted or would be likely to result in the Subordinated Notes being excluded, in whole but not in part, from the Tier 2 capital (within the meaning of the CRD IV Regulation) of the Issuer or reclassified as a lower quality form of own funds of the Issuer, which change in regulatory classification (or reclassification) (i) becomes effective on or after the Issue Date and, if redeemed within five years after the Issue Date, (ii) is considered by the Competent Authority to be sufficiently certain and (iii) the Issuer has demonstrated to the satisfaction of the Competent Authority was not reasonably foreseeable at the time of their issuance as required by article 78(4) CRD IV Regulation.

Denomination of Notes: Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each Note will be EUR 100,000 (or its equivalent in any other currency).

Taxation: All payments in respect of the Notes will be made free and clear of withholding or deducting taxes of The Netherlands, unless the withholding is required by law. In that event, the Issuer will either (i) subject to certain exceptions as provided in Condition 6 (*Taxation*) of the Terms and Conditions of the Notes, pay such additional amounts (other than, in the case of Subordinated Notes and Senior Non-Preferred notes only, in respect of any amount of principal) as will result in the Noteholders receiving such amounts as they would have received in respect of the Notes had no such withholding been required or (ii) make the required withholding or deduction but the Issuer will not pay any additional amounts to compensate Noteholders, as will be agreed between the Issuer and the relevant Dealer at the time of issue of the Notes.

If the applicable Final Terms provides that payments are to be made subject to withholding of applicable Dutch taxes (if any), it will also specify that Condition 5(b) (*Redemption for Tax Reasons*) will not apply to the Notes.

Negative Pledge: None.

Cross Default: None.

Status and Ranking of Senior Preferred Notes: The Senior Preferred Notes will constitute unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory and/or overriding provisions of law and other than those unsecured and unsubordinated obligations having a lower ranking in reliance on article 212rb of the Dutch Bankruptcy Act (*Faillissementswet*) (or any other provision implementing article 108 of Directive 2014/59/EU, as amended by Directive (EU) 2017/2399, in The Netherlands).

Status and Ranking of *Status and ranking*

**Senior Non-Preferred
Notes:**

The Senior Non-Preferred Notes qualify as, and comprise part of the class of, Statutory Senior Non-Preferred Obligations and constitute unsubordinated and unsecured obligations of the Issuer and, save for those preferred by mandatory and/or overriding provisions of law, rank (i) in the event of liquidation or bankruptcy (*faillissement*) of the Issuer, *pari passu* and without any preference among themselves and with all other present and future obligations of the Issuer qualifying as Statutory Senior Non-Preferred Obligations, (ii) in the event of the bankruptcy (*faillissement*) of the Issuer only, junior to any present and future unsubordinated and unsecured obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations and (iii) in the event of liquidation or bankruptcy (*faillissement*) senior to any Junior Obligations.

By virtue of such ranking, payments to Senior Non-Preferred Noteholders will, in the event of the bankruptcy (*faillissement*) of the Issuer, only be made after all claims in respect of unsubordinated and unsecured obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations have been satisfied.

No set-off

No Senior Non-Preferred Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Senior Non-Preferred Notes.

"**Junior Obligations**" means any present and future claims in respect of obligations of the Issuer which rank or are expressed to rank, subordinated to claims in respect of unsubordinated and unsecured obligations of the Issuer (including Statutory Senior Non-Preferred Obligations); and

"**Statutory Senior Non-Preferred Obligations**" (*niet preferente niet achtergestelde schuld*) means any present and future claims in respect of unsubordinated and unsecured obligations of the Issuer which have a lower ranking within the meaning of article 212rb of the Dutch Bankruptcy Act (*Faillissementswet*) (or any other provision implementing article 108 of Directive 2014/59/EU, as amended by Directive (EU) 2017/2399, in The Netherlands) than the claims in respect of all other unsubordinated and unsecured obligations of the Issuer.

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

Variation or Substitution

If Variation or Substitution is specified in the applicable Final Terms and if as a result of a MREL Disqualification Event the whole of the outstanding nominal amount of the Senior Non-Preferred Notes can no longer be, or is likely to become no longer, included in full as MREL Eligible Liabilities, then the Issuer may, subject to the below (but without any requirement for the permission of the Senior Non-Preferred Noteholders) either substitute all, but not some only, of the Senior Non-Preferred Notes or vary the terms of the Senior Non-

Preferred Notes so that they remain or, as appropriate, become MREL Eligible Liabilities within the meaning of the Applicable MREL Regulations at the relevant time, provided that such substitution or variation shall not result in terms that are materially less favorable to the Senior Non-Preferred Noteholders and that the resulting securities must have, *inter alia*, at least the same ranking and interest rate and the same maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same (solicited) ratings as the Senior Non-Preferred Notes.

Status and Ranking of Subordinated Notes: *Status and Ranking of the Subordinated Notes:*

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

The claims of the holders of the Subordinated Notes of this Series and the relative Coupons against the Issuer are, in the event of the liquidation or bankruptcy of the Issuer, subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money (including those unsecured and unsubordinated obligations having a lower ranking in reliance on article 212rb of the Dutch Bankruptcy Act (*Faillissementswet*) (or any other provision implementing article 108 of Directive 2014/59/EU, as amended by Directive (EU) 2017/2399, in The Netherlands)) and (c) other unsubordinated claims.

By virtue of such subordination, payments to a Noteholder will, in the event of liquidation or bankruptcy of the Issuer, only be made after all obligations of the Issuer resulting from higher ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

No set-off

No Subordinated Noteholder or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes or relative Coupons.

Variation or Substitution

If the applicable Final Terms indicate that the Subordinated Notes will be subject to Variation or Substitution and if a CRD IV Capital Event or a Capital Event has occurred and is continuing, then the Issuer may, subject to the prior written permission of the Competent Authority provided that at the relevant time such permission is required to be given (but without any requirement for the consent or approval of the Subordinated Noteholders), either substitute all, but not some only, of

the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time, provided that such variation or substitution shall not result in terms that are materially less favourable to the Subordinated Noteholders and that the resulting securities must have at least, *inter alia*, the same ranking, interest rate, maturity date, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Subordinated Notes.

A "**CRD IV Capital Event**" is deemed to have occurred if the whole of the outstanding nominal amount of Notes can no longer be included in full in the Tier 2 capital of the Issuer by reason of their non-compliance with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

Statutory Loss Absorption

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

"**Resolution Authority**", "**Applicable Resolution Framework**" and "**Statutory Loss Absorption**" have the meanings ascribed thereto in Condition 5(i) (*Statutory Loss Absorption of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes.

Ratings

The Issuer's long term credit ratings are: A from S&P Global Ratings Europe Limited ("**S&P**"), A1 from Moody's Investors Service, Limited ("**Moody's**") and A+ from Fitch Ratings Ltd. ("**Fitch**").

An S&P's issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness in order to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation.

The purpose of Moody's ratings is to provide investors with a simple system of gradation by which relative creditworthiness of securities may be noted. Gradations of creditworthiness are indicated by rating symbols, with each symbol representing a group in which the credit characteristics are broadly the same. Issuer Ratings are opinions of the ability of entities to honour senior unsecured financial counterparty obligations and contracts. As such, Issuer Ratings incorporate any external support that is expected to apply to all current and future issuance of senior unsecured financial obligations and contracts, such as explicit support stemming from a guarantee of all senior unsecured financial obligations and contracts, and/or implicit support for issuers subject to joint default analysis (e.g. banks and government-related issuers). Issuer Ratings do not incorporate support arrangements, such as guarantees, that apply only to specific (but not to all) senior unsecured financial obligations and contracts.

Fitch's credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Credit ratings are used by investors as indications of the likelihood of receiving their money back in accordance with the terms on which they invested. Fitch's credit ratings cover the global spectrum of corporate, sovereign (including supranational and sub-national), financial, bank, insurance, municipal and other public finance entities and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets. The rating is not a recommendation or suggestion, directly or indirectly, to buy, sell, make or hold any investment, loan or security or any Issuer. The ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security.

This information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by S&P, Moody's and Fitch, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the applicable Final Terms.

Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the EU Credit Rating Agency Regulation (EC No. 1060/2009) will be specified in the applicable Final Terms.

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

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

Substitution of the Issuer: The Issuer may, if certain conditions have been fulfilled, with the consent of the Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Senior Preferred Notes on which no payment of principal of or interest on any of the Senior Preferred Notes is in default, be replaced and substituted by either (a) any directly or indirectly wholly owned subsidiary of the Issuer or (b) any parent or holding company of the group of which the Issuer forms part at the relevant time as principal debtor in respect of the Senior Preferred Notes and the relative Coupons.

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

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

Governing Law: The Notes will be governed by, and construed in accordance with, the laws of The Netherlands.

Selling Restrictions: There are selling restrictions in relation to Australia, Canada, the European Economic Area (including Belgium, Denmark, Finland, France, Germany, Luxembourg, Sweden, Italy, The Netherlands, Norway and the United Kingdom), Hong Kong, Singapore, Japan, the People's Republic of China, Switzerland, Taiwan and the United States. See "Subscription and Sale" below.

IMPORTANT INFORMATION

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms. 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 Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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 AFM shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) The articles of association of the Issuer;
- (b) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2018, as set out on pages 153 to 256 in relation to the financial statements 2018, including the notes to the financial statements as set out on pages 161 to 253, pages 35 to 122 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 258 to 263, all as included in ABN AMRO Group N.V.'s Annual Report 2018 (the "**Annual Report 2018**") (the "**Consolidated Annual Financial Statements 2018 ABN AMRO Group N.V.**") which can be obtained from https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Financial_Disclosures/2018/ABN_AMRO_Group_Annual-Report_2018.pdf;
- (c) the Section "Key figures and profile" on page 3, the Section "ABN AMRO shares" on page 4, the Section "Financial review" of the Strategy and performance report on pages 13 to 16, the Risk, funding & capital report on pages 35 to 122, the Section "Other information" on pages 264 to 266 and the Section "Cautionary statements" on page 267, all as included in the Annual Report 2018;
- (d) ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2017 (as set out on pages 179 to 296 in relation to the financial statements 2017, including the notes to the financial statements as set out on pages 187 to 292, pages 43 to 136 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 298 to 305, all as included in ABN AMRO Group N.V.'s Annual Report 2017, the "**Annual Report 2017**") (the "**Consolidated Annual Financial Statements 2017 ABN AMRO Group N.V.**" and together with the Consolidated Annual Financial Statements 2018 ABN AMRO Group N.V., the "**Consolidated Annual Financial Statements ABN AMRO Group N.V.**") which can be obtained from https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Financial_Disclosures/2017/ABN_AMRO_Group_Annual_Report_2017.pdf;
- (e) the Section "Introduction" on pages 1 to 4, the subsection "Financial review" of the Section "Group performance" on pages 14 to 19, the Section "Risk, funding & capital" on pages 43 to 136, the Section "Other information" on pages 306 to 308, the Section "Definitions of important terms" on pages 309 to 310, the Section "Abbreviations" on page 311 and the Section "Cautionary statements" on page 312, all as included in the Annual Report 2017;
- (f) ABN AMRO Bank N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2018, as set out on pages 142 to 258 in relation to the financial statements 2018, including the notes to the financial statements as set out on pages 149 to 241, pages 34 to 120 (certain information in the Risk, funding & capital report), and the auditors' report thereon

on pages 260 to 265, all as included in ABN AMRO Bank N.V.'s Annual Report 2018 which can be obtained from https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Financial_Disclosures/2018/ABN_AMRO_Bank_NV_Annual_Report-2018.pdf;

- (g) the Section "*Key figures and profile*" on page 3, the Section "*Financial review*" of the Strategy and performance report on pages 12 to 15, the Section "*Legal structure*" on page 133, the Section "*Other information*" on pages 266 to 268 and the Section "*Cautionary statements*" on page 269, all as included in ABN AMRO Bank N.V.'s Annual Report 2018;
- (h) ABN AMRO Bank N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2017, as set out on pages 153 to 287 in relation to the financial statements 2017, including the notes to the financial statements as set out on pages 162 to 268, pages 40 to 123 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 289 to 296, all as included in ABN AMRO Bank N.V.'s Annual Report 2017 which can be obtained from https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Financial_Disclosures/2017/ABN_AMRO_Bank_NV_Annual_Report_2017.pdf;
- (i) the Section "*Introduction*" on pages 2 to 3, the subsection "*Financial review*" of the Section "*Bank performance*" on pages 10 to 15, the Section "*Risk, funding & capital*" on pages 40 to 123, the Section "*Legal structure*" on page 144, the Section "*Other information*" on pages 297 to 299, the Section "*Definitions of important terms*" on pages 300 to 301, the Section "*Abbreviations*" on page 302 and the Section "*Cautionary statements*" on page 303, all as included in ABN AMRO Bank N.V.'s Annual Report 2017;
- (j) the terms and conditions (including the form of final terms) set out on pages 71-133 of the base prospectus prepared by the Issuer in connection with the Programme dated 4 July 2017 (the "**2017 Conditions**") which can be obtained from https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/2017/ABN_AMRO-EMTN_Base_Prospectus_2017-07-04.pdf;
- (k) the terms and conditions (including the forms of final terms) set out on pages 44-166 of the base prospectus prepared by the Issuer in connection with the Programme dated 5 July 2018 (the "**2018 Conditions**") which can be obtained from https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/2018/ABN_AMRO_EMTN_Base_Prospectus_2018-07-05.pdf;
- (l) the publicly available abbreviations and definitions of important terms relating to the Annual Report 2018 and ABN AMRO Bank N.V.'s Annual Report 2018 (the "**Abbreviations and Definitions of Important Terms**") which can be obtained from https://www.abnamro.com/en/images/Documents/010_About_ABN_AMRO/Annual_Report/2018/ABN_AMRO_Annual_Report_Abbreviations_and_definitions.pdf; and
- (m) the quarterly report titled "*Quarterly Report First quarter 2019*" dated 15 May 2019 excluding the specific chapter titled: "*Enquiries*" which can be obtained from https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Financial_Disclosures/2019/ABN_AMRO_Group_Quarterly_Report_2019_Q1.pdf. The information set out therein is unaudited,

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that

a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information or other document themselves incorporated by reference, either expressly or implicitly, in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus, except where such information or other documents are specifically incorporated by reference into this Base Prospectus.

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

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the Issuer at its registered office at: Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, by telephone: +31 20 6282 282 or by e-mail: investorrelations@nl.abnamro.com. This Base Prospectus and copies of documents incorporated by reference in this Base Prospectus can also be obtained from <https://www.abnamro.com/en/investor-relations/index.html>. The other information included on or linked to through this website or in any website referred to in this Base Prospectus, any Final Terms or in any document incorporated by reference into this Base Prospectus is not a part of this Base Prospectus.

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

This Base Prospectus and any supplement will be valid for listing Notes on Euronext Amsterdam and/or any other exchange in an unlimited aggregate nominal amount.

THE ISSUER

1. ABN AMRO BANK N.V.

ABN AMRO is a full-service bank with a primary focus on The Netherlands and selective operations internationally, serving retail, private and corporate banking clients. ABN AMRO is internationally active in a number of specialized activities such as trade and commodity finance and clearing, private banking and asset based lending in a select number of countries.

The discussion in this Base Prospectus of ABN AMRO's results of operations for the year ended 31 December 2018 as compared to the year ended 31 December 2017 is based on reported results. The discussion in this Base Prospectus of ABN AMRO's results of operations for the year ended 31 December 2017 as compared to the year ended 31 December 2016 is based on underlying results. Underlying results are non-IFRS measures and have not been audited or reviewed. See for further information "Operating and Financial Review".

1.1 History and recent developments

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

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

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

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

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

On 17 November 2016, Stichting Administratiekantoor Beheer Financiële Instellingen (NL Financial Investments, "**NLFI**"), on behalf of the Dutch state, agreed to sell additional depositary receipts representing shares in the former ABN AMRO Group. Following the settlement, the stake of NLFI declined from 77% to 70%.

On 28 June 2017 additional depositary receipts representing ordinary shares in the former ABN AMRO Group were sold. Following the settlement, the stake of the Dutch State further declined from 70% to 63%.

On 15 September 2017 additional depositary receipts representing ordinary shares in the former ABN AMRO

Group were sold. Following the settlement, the stake of the Dutch State further declined from 63% to 56%.

On 21 December 2017 NLFI announced that it has transferred approximately 59.7 million ordinary shares in the former ABN AMRO Group to STAK AAG in exchange for an equal amount of depositary receipts for ordinary shares in ABN AMRO.

In February 2019, ABN AMRO announced its intention to simplify its group structure by executing a legal merger between ABN AMRO Bank and ABN AMRO Group (the "**Group Legal Merger**"). The Group Legal Merger was completed on 28 June 2019 and became effective on 29 June 2019. As a result of the Group Legal Merger, ABN AMRO Group has ceased to exist. The Group Legal Merger aims to improve regulatory capital ratios (including the leverage ratio, see also the paragraph below), optimise administrative processes and lower administrative costs. The activities of ABN AMRO Group have been integrated and will be continued in ABN AMRO Bank.

The Group Legal Merger has a positive impact on several capital ratios. On a pro forma basis, the Q1 2019 capital ratios will improve as follows: the Tier 1 ratio improves to 19.8% (from 18.9%), the total capital ratio to 25.8% (from 21.7%) and the leverage ratio to 4.3% (from 4.1%). The Group Legal Merger has also removed the Maximum Distributable Amount shortfall and simplified administrative processes.

In March 2019, ABN AMRO announced that it has sold 75% of its shares in Stater N.V. to Infosys. Stater N.V. is ABN AMRO's administrative mortgage services provider. The transaction was closed on 23 May 2019. Retaining a 25% interest in Stater N.V., ABN AMRO will continue to be a strategic shareholder.

1.2 **Business description**

ABN AMRO is organised into Retail Banking, Commercial Banking, Private Banking, Corporate & Institutional Banking, Finance, Risk Management, Technology & Innovation and Transformation & HR. ABN AMRO's management structure includes an Executive Board and an Executive Committee. ABN AMRO has five reporting segments: Retail Banking, Commercial Banking, Private Banking, Corporate & Institutional Banking and Group Functions (as described below).

1.3 **Retail Banking**

Business scope and clients

Retail Banking provides banking products and services to individuals. In addition, a wide variety of banking and insurance products and services are provided through its branch network, online, via contact centres and through subsidiaries.

Main subsidiaries

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

ABN AMRO Hypotheken Groep

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

Moneyou

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

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

Alfam

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

International Card Services

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

ABN AMRO Verzekeringen

Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V. ("**ABN AMRO Verzekeringen**") is an associate of ABN AMRO Bank (49%). NN Group N.V. holds the remaining 51% in this joint venture. ABN AMRO Verzekeringen offers life and non-life insurance products under the ABN AMRO brand.

ABN AMRO Pensions

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

1.4 **Commercial Banking**

Commercial Banking serves business clients with a turnover of up to EUR 250 million, clients active in commercial real estate (excluding publicly listed companies, which are served by Corporate & Institutional Banking) and small businesses. Commercial Banking has a selective asset based finance presence in the UK, Germany, Belgium and France.

Main subsidiaries

The Commercial Banking business of ABN AMRO is supported by the following subsidiaries (this list is not exhaustive)²:

ABN AMRO Asset Based Finance N.V. provides asset-based solutions (working capital solutions, equipment lease, equipment loans and vendor lease services) to its customers in the Netherlands, France, Germany, the United Kingdom and Belgium.

1.5 **Private Banking**

Business scope and clients

Private Banking provides global wealth management services and offers a various array of products and services designed to address these clients' individual requirements. Private Banking targets high net worth individuals with more than EUR 500,000 in investable assets in the Netherlands or more than EUR 1 million outside the Netherlands and ultra-high net worth individuals with more than EUR 25 million in investable assets.

Private Banking operates under the brand name of ABN AMRO MeesPierson in the Netherlands and internationally under the name of ABN AMRO Private Banking or various local brand names such as Banque Neuflyze OBC in France and Bethmann Bank in Germany.

Main subsidiaries

The Private Banking business of ABN AMRO is supported in France and Germany by the following

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

subsidiaries (this list is not exhaustive)³:

Banque Neuflyze OBC

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

Bethmann Bank

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

Neuflyze Vie

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

1.6 **Corporate & Institutional Banking (CIB)**

Corporate & Institutional Banking (CIB) serves business clients with turnover exceeding EUR 250 million. In Northwest Europe, clients with turnover exceeding EUR 100 million are served in eight selected sectors. CIB covers loan products (structured finance and trade & commodity finance), flow products (global markets) and specialised products (clearing and private equity). CIB's business activities are organised according to sector, geography and product.

Main subsidiaries

The CIB business of ABN AMRO is supported by the following subsidiary (this list is not exhaustive)⁴:

ABN AMRO Clearing Bank

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

1.7 **Group Functions**

Group Functions supports ABN AMRO's business segments and consists of Innovation & Technology, Risk Management, Legal and Compliance, Finance, HR, Transformation & Communications, Group Audit, Strategy & Sustainability and the Corporate Office. The majority of Group Functions' costs are allocated to the relevant businesses. The results of Group Functions include those of ALM and Treasury and ABN AMRO's securities financing activities.

Innovation & Technology

Innovation & Technology supports ABN AMRO by facilitating innovation, managing ABN AMRO's programmes, and providing services in the areas of IT, information security, data, back-office processing, facilities management and procurement, both in the Netherlands and internationally.

Finance

Finance aims to help keeping ABN AMRO on track to achieve the goals defined in its long-term strategy. It is the primary supplier of management and reporting information to ABN AMRO's internal and external

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

⁴ Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

stakeholders, and plays an independent role in delivering management information and challenging business decisions. Finance aims to provide a strong financial control environment and ensure compliance with accounting standards and requirements set by the regulatory authorities. It consists of the following main departments: Financial Accounting, Controlling, Investor Relations, ALM, Treasury and Tax.

Risk Management, Legal and Compliance

Risk management aims to secure a sound risk/ reward ratio by maintaining a bank-wide, moderate risk profile as part of ABN AMRO's long-term strategy. This risk profile is managed on the basis of an integrated risk management framework, in which all risk types, cross-risk types and overarching risks are identified in order to provide a single, integrated view of the risk profile of the bank and its various businesses. Risk Management aims to take careful account of this integrated risk profile and aims to balance actions so as to ensure that the moderate risk profile is maintained. The main risk types are credit, market, liquidity, business and operational (non-financial) risks. Underlying these main risk types are various sub-risk types. Risk appetite statements are set both for the main and the sub-risk types.

HR, Transformation & Communications

The primary responsibility of HR, Transformation and Communications is to help ABN AMRO's businesses to put clients centre stage by managing human resources and ABN AMRO's corporate identity and reputation. HR, Transformation and Communications aims to prevent reputational damage and to manage and improve ABN AMRO's reputation, brand name and brand value within and outside the Netherlands in a consistent manner and to position ABN AMRO as a trustworthy and sustainable organisation.

Group Audit, Strategy & Sustainability and Corporate Office

Group Audit provides independent oversight and control, on behalf of senior and executive management, of the core processes, policies and procedures that are designed to ensure that ABN AMRO complies with both the letter and spirit of general and industry-specific legislation and regulations. In this way, it aims to protect ABN AMRO's reputation. Strategy & Sustainability provides advice on strategy and the implementation of various strategic initiatives and activities, including acquisitions and divestments and strategic programmes for ABN AMRO and its stakeholders. Additionally it formulates ABN AMRO's overall sustainability strategies and ensures that sustainable banking is embedded in ABN AMRO's business practices. The Corporate Office is also part of Group Functions.

Group Functions is supported by the following subsidiaries (this list is not exhaustive)⁵:

ABN AMRO Funding USA LLC

ABN AMRO Funding USA LLC is active in the US market, issuing ABN AMRO's US dollar Commercial Paper funding for clients operating in the US and for clients with US dollar loans.

Stater N.V.

Stater N.V. offers administrative services related to mortgage loans. Stater works for ABN AMRO and other parties supplying mortgage loans. In March 2019, ABN AMRO announced that it has sold 75% of its shares in Stater N.V. to Infosys. The transaction was closed on 23 May 2019.

1.8 Regulation

Regulation and supervision in the European Union

The European Union is working on a broad range of measures aimed at bringing more stability and transparency to the European financial sector. Major developments include Basel III/CRD IV, the creation of a banking union, the European Market Infrastructure Regulation (EMIR), the revised Markets in Financial

⁵ Unless explicitly indicated otherwise, all subsidiaries are wholly owned by ABN AMRO.

Instruments Directive and Markets in Financial Instruments Regulation (together, MiFID II), the Bank Recovery and Resolution Directive (BRRD), a renewed Deposit Guarantee Scheme Directive (DGS), the Packaged Retail Investment Products (PRIIPs) Regulation, the Mortgage Credit Directive, the Payment Services Directive (PSD 2), the General Data Protection Regulation (GDPR) and the EU Banking Reform Proposals.

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

Solvency Supervision

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

Capital adequacy framework (Basel)

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

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

Basel II is structured around three "pillars":

- Pillar 1 sets out minimum regulatory capital requirements, namely the minimum amount of capital banks must hold against credit, operational and market risks.
- Pillar 2 sets out the key principles for supervisory review of an institution's risk management framework and, ultimately, its capital adequacy. It also sets out specific oversight responsibilities for the board and senior management, thus reinforcing principles of internal control and other corporate governance practices. Pillar 2 requires each institution to conduct an internal capital adequacy assessment process ("**ICAAP**").
- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

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

Basel II Pillar 1

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

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

ABN AMRO has implemented the Internal Models Approach ("**IMA**") for calculating market risk capital for the trading book and submitted the application for IMA to the regulator for approval. ABN AMRO obtained

formal approval from the regulator for the use of the IMA approach for calculating regulatory capital in February 2016.

Since the start of 2017, ABN AMRO has used its internal Advanced Measurement Approach ("**AMA**") model for calculating regulatory capital. This AMA model is also used to calculate economic capital for operational risks. The bank applies a 99.95% confidence level to calculate the operational risk economic capital, whereas a 99.9% confidence level is applied to calculate regulatory operational risk capital. The bank does not use insurance or other risk transfer mechanisms for calculating the operational risk capital.

Basel II Pillar 2

ABN AMRO's capital requirement under Pillar 2 is based on internal models for economic capital and the view of the regulator, as expressed in the ICAAP and Supervisory Review and Evaluation Process (SREP). The economic capital models were integrated in 2011 to ensure suitability for the merged bank. Economic capital requirements are monitored monthly and reported in quarterly Capital Adequacy Assessments Reports and in the yearly ICAAP statement. ABN AMRO also delivers an Internal Liquidity Adequacy Assessment Process ("**ILAAP**") report to the regulator on an annual basis.

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

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

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

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

Based on the latest stress test results (i.e. ICAAP stress test 2018) no additional capital actions were required. The stress test results have been incorporated into capital planning by taking into account the minimum capital levels under stress. Besides bank-wide stress testing, ABN AMRO performs stress testing by focusing on specific portfolios or business lines. Furthermore, ABN AMRO participates in *ad hoc* stress test exercises as requested by regulatory bodies, such as DNB and EBA.

Basel II Pillar 3

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

New Basel regulation

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

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

CRD

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

In response to the global crisis which started in 2008, the Basel Committee on Banking Supervision implemented a number of changes to the Basel II framework. These changes are implemented in the EU through modifications to the CRD.

CRD II

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

CRD III

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

Basel III/CRD IV

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

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

The Basel Committee proposed a number of reforms to the regulatory capital and the liquidity framework for internationally active banks, the principal elements of which are set out in the Basel III Final Recommendations. Most notably these reforms are intended to increase the quality and quantity of capital, to build up additional capital buffers in good times that can be drawn upon in periods of stress, to impose (temporary) systemic risk buffers, to strengthen the risk coverage of the capital framework in relation to derivative positions and to introduce a new liquidity framework and a leverage ratio. The Basel Committee has subsequently introduced several amendments and refinements to Basel III, particularly in respect of its liquidity requirements, capital requirements and other areas. The Basel Committee has indicated that it continues to consider potential revisions to the Basel III regime. The Basel Committee has published proposals

to further strengthen the risk-weighted capital framework, including in relation to credit risk, market risk and operational risk.

On 7 December 2017, the Basel Committee published its final Basel III standards. These standards are informally known as Basel IV and will be implemented in CRD and CRR. Basel IV introduced the capital floors based on standardized approaches and revisions to the standardized approaches for credit risk, operational risk, market risk and the revision of the credit valuation adjustment framework for treatment of counterparty credit risk. According to Basel IV, the capital floors and other standards will become applicable as of 2022 and a transitional regime may apply.

Of these standards, the introduction of the standardized credit risk RWA (REA) floor is expected to have the most significant impact on the Issuer. The standards for the new standardized credit risk RWA (REA) calculation rules include (i) introduction of new risk drivers, (ii) introduction of higher risk weights and (iii) reduction of mechanistic reliance on credit ratings (by requiring banks to conduct sufficient due diligence, and by developing a sufficiently granular non-ratings-based approach for jurisdictions that cannot or do not wish to rely on external credit ratings). In addition, the standards require banks to apply advanced approaches to risk categories, applying the higher of (i) the RWA (REA) floor based on (new) standardized approaches and (ii) the RWA (REA) floor based on advanced approaches in the denominator of their ratios. The implementation of the standardized RWA (REA) floors is expected to have a significant impact on the calculation of the Issuer's risk weighted assets due to the substantial difference in RWA (REA) calculated on the basis of advanced approaches and such calculation on the basis of new standardized rules for mortgages, and, to a lesser extent, exposures to corporates.

In the first quarter of 2016 the Basel Committee published a consultative paper proposing changes to the IRB approaches. The Basel Committee proposed, amongst other things, to remove the option to use the IRB approaches for certain exposure classes, to introduce PD and LGD floors for exposure classes that are still permitted under IRB approach, a greater use of supervisory Credit Conversion Factors (CCF) and constraints on EAD estimation processes. In its final standards, the Basel Committee has (i) removed the option to use the advanced IRB (A-IRB) approach for certain asset classes, (ii) adopted "input" floors (for metrics such as PD and LGD) to ensure a minimum level of conservatism in model parameters for asset classes where the IRB approaches remain available and (iii) provided greater specification of parameter estimation practices to reduce RWA (REA) variability.

In April 2016, the Basel Committee issued a consultative document on the revision to the Basel III leverage ratio framework. Among the areas subject to proposed revision in this consultative document were the change in the calculation of the derivative exposures and the credit conversion factors for off-balance sheet items. In April 2017 the Basel Committee published its final guidance on the definitions of two measures of asset quality – "non-performing exposures" and "forbearance". The Basel Committee's definitions of both terms are built on commonalities in the existing definitions and harmonise the quantitative and qualitative criteria used for asset categorization. In its final standards (as described above), the Basel Committee indicated that leverage ratio buffer requirement on 1 January 2022 shall be based on the FSB's 2020 list of G-SIBs (based on year end-2019 data).

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

Banking Union

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

- *Single Supervisory Mechanism*

Under the SSM, the ECB has become the primary supervisor for the prudential supervision of credit institutions in participating Member States that qualify as "significant credit institutions" as of 4 November 2014. In the European Union, around 117 credit institutions are identified as significant banks, and ABN AMRO is one of them. The ECB will be responsible for market access, among other things, and will supervise capital requirements and governance.

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

- *Single Resolution Mechanism*

On 19 August 2014, the SRM entered into force. The SRM provides for a single resolution framework, a single resolution board ("**Resolution Board**") and a single resolution fund ("**Resolution Fund**").

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

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

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

- *Single Rule Book*

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

- *CRD IV*

CRD IV transposes the Basel III Final Recommendations into the EU legal framework. CRD IV applies from 1 January 2014 and sets stronger prudential requirements for banks. The new rules will make EU banks more solid and will strengthen their capacity to adequately manage the risks linked to their activities and absorb losses they may incur in doing business. Furthermore, these new rules will strengthen the requirements regarding banks' corporate governance arrangements and processes, for example regarding diversity within

management and rules on bonuses. The Issuer expects the European Banking Authority (EBA) to continue to introduce technical standards, guidelines and recommendations, further defining EU banks' obligations. In addition, on 23 November 2016, the European Commission published the EU Banking Reform Proposals which are wide-ranging and cover multiple areas, including the Pillar 2 framework, a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macroprudential tools, a new category of "non-preferred" senior debt, the MREL framework, the integration of the TLAC standard into EU legislation (see below under "FSB Standard for Total Loss-Absorbing Capacity") and the transposition of the fundamental review of the trading book (FRTB) conclusions into EU legislation. See also the risk factor "*The financial services industry is subject to intensive regulation. Major changes in laws and regulations as well as enforcement action could adversely affect the Issuer's business, financial position, results of operations and prospects*" above.

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

On 15 April 2014, the European Parliament adopted the new EU Deposit Guarantee Scheme Directive (the "DGS Directive") which was published in the Official Journal of the EU on 12 June 2014. The DGS Directive was required to be transposed into national law by 3 July 2015. In The Netherlands a decree implementing the DGS Directive was adopted by the Dutch Minister of Finance on 26 November 2015. The DGS continues to guarantee repayment of certain client deposits up to EUR 100,000 held at European banks in the event of bankruptcy or resolution. The funding of the DGS has been amended from an ex-post funded system to a partially ex-ante funded system. This means that participating financial institutions will have to contribute to the scheme on a periodic basis rather than facing charges only when an actual insolvency event occurs requiring them to compensate the clients of the affected financial institutions. The new ex-ante funding system was required to be transposed into national law by 3 July 2015, however the requirement for the relevant deposit guarantee schemes to have available means at the target level of 0.8% of the amount of covered deposits held with its members, including the Issuer, must be achieved by 3 July 2024. Contributions are based on the covered deposits of the bank and risk based contributions. The Netherlands may also impose minimum contributions. The ex-ante funding system has increased the Issuer's expenses in connection with the DGS. In addition, if the available financial means of the relevant DGS is insufficient to repay depositors when deposits become unavailable, an additional contribution may be required, which will in principle not exceed 0.5% of the covered deposits held with the Issuer per calendar year. Additional requirements of the DGS Directive include a broadening of the scope of clients for whom the deposit guarantee will be available (in addition to consumer deposits, deposits of businesses will be included, whereas currently only companies who published abridged annual accounts fall within its scope), information requirements to customers and the shortening of the period for making payments under the DGS Directive from 20 working days (until 31 December 2018) to 7 working days (from 1 January 2024). Based on national legislation (Besluit Bijzondere Prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft) the information requirements (i.e., pre contractual information and the provision of information at least once a year on deposits that are covered by the DGS) apply as of 1 January 2015.

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

- *Banks Recovery and Resolution Directive*

On 12 June 2014, the BRRD was published in the Official Journal of the European Union. EU Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to implement the BRRD by 31 December 2014 and to apply their implementing measures from 1 January 2015, with the Bail-in Tool for other eligible liabilities to apply from 1 January 2016, at the latest. The measures as set out in

the BRRD (including the Bail-in Tool) have been implemented into national law with effect from 26 November 2015.

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

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

On 27 December 2017, the directive (EU) 2017/2399 on the ranking of unsecured debt instruments in insolvency hierarchy (Bank Creditor Hierarchy) which proposes to amend the BRRD was published. The directive changes the insolvency hierarchy and introduces a new statutory category of unsecured "non-preferred" senior debt for banks. This category will rank just below the ordinary senior debt and other senior liabilities for the purposes of resolution, but will still rank as part of the senior unsecured debt category (only as a "non-preferred" senior debt). The directive does not affect the existing stock of bank debt and would only apply to debt when designated as such by the issuing bank. A bill implementing the requirement for senior non-preferred debt in The Netherlands came into force in December 2018.

Recovery and resolution plans

As required by the BRRD, the Issuer is required to draw up and maintain a recovery plan. This plan must provide for a wide range of measures that could be taken by the Issuer for restoring its financial position in case it significantly deteriorated. The Issuer must submit the plan to the competent 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 continue to require monetary and management resources.

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

Early intervention

If the Issuer does not comply with or, due to a rapidly deteriorating financial position, would be likely not to comply with capital or liquidity requirements in the near future, the resolution authorities will have the power to impose early intervention measures. A rapidly deteriorating financial position could, for example, occur in the case of a deterioration of the Issuer's liquidity situation, increasing level of leverage and non-performing

loans. Intervention measures include the power to require changes to the legal or operational structure of the Issuer, the power to make changes to the Issuer's business strategy, and the power to require the Issuer's Executive Board to convene a general meeting of shareholders, set the agenda and require certain decisions to be considered for adoption by the general meeting. Furthermore, if these early intervention measures are not considered sufficient, the competent authority may replace management or install a temporary administrator. A special manager may also be appointed who will be granted management authority over the Issuer instead of its existing executive board members, in order to implement the measures decided on by the competent authority.

Resolution measures

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

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

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

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

MiFID II

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

On 15 April 2014 the European Parliament adopted updated rules for investment firms and markets in financial instruments, after an agreement in principle was reached with the Council on 14 January 2014. The new rules, which were published in the Official Journal of the European Union on 12 June 2014, consist of a Directive ("**MiFID II Directive**") and a Regulation with direct force in the EU ("**MiFIR**") (together: "**MiFID II**"). The rules of the MiFID II Directive were initially required to be transposed into EU Member State law by 3 July 2016 and the EU Member States were initially required to apply most of these rules as from 3 January 2017. However, the European legislature has extended the application and transposition dates for most of these

MiFID II Directive rules with one year. Most rules of the MiFID II Directive apply from 3 January 2018. The update covers topics such as market infrastructure, more robust investor protection and strengthened supervisory powers. MiFID II increases equity market transparency and, for the first time, establishes a principle of transparency for non-equity instruments such as bonds and derivatives. Investment firms operating an internal matching system which executes client orders in financial instruments on a multilateral basis may in future be required to seek authorisation as a Multilateral Trading Facility or Organised Trading Facility, a new category of multilateral trading venue through which transactions in non-equity instruments may be executed. To meet the G20 commitments, MiFID II provides for strengthened supervisory powers and a harmonised position limits regime for commodity derivatives to improve transparency, support orderly pricing and prevent market abuse. A new framework will improve conditions for competition in the trading and clearing of financial instruments. MiFID II introduces trading controls for algorithmic trading activities. Stronger investor protection is achieved by introducing better organisational requirements, such as client asset protection or product governance. MiFID II strengthens the existing regime to ensure effective and harmonised administrative sanctions. A harmonised regime for granting access to EU markets for firms from third countries is based on an equivalence assessment of third country jurisdictions by the European Commission. As MiFID II significantly extends not only the scope but also the detail of existing (MiFID) regulations, the Issuer will have to review existing activities and, where necessary, may need to adjust the manner in which it operates. ABN AMRO will also need to provide more information to its clients, such as about the costs and charges involved in providing investment services.

EMIR

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

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

A number of developments are ongoing with respect to EMIR as a result of the European Commission's extensive assessment of this regulation. As of 1 November 2017, a number of amendments to EMIR have become applicable relating to the regulatory technical standards ("**RTS**") on the minimum details of the data to be reported to trade repositories and the implementing technical standards with regard to the format and frequency of trade reports to trade repositories. These amendments are included in the Commission Delegated Regulation (EU) 2017/104 and Commission Implementing Regulation (EU) 2017/105:

- On the basis of Commission Delegated Regulation (EU) 2015/2205, Commission Delegated Regulation (EU) 2016/592 and Commission Delegated Regulation (EU) 2016/1178, an obligation to centrally clear certain OTC EUR, GBP, JPY, USD, NOK, PLN and SEK interest rate swaps and certain credit default swaps is coming into force in a phased manner with different starting dates for each of 4 categories of counterparties.
- On 29 September 2017, the ESMA published its final draft technical standards specifying the trading obligation for derivatives under MiFIR. MiFIR's trading obligation will move over-the-counter (OTC) trading in liquid derivatives onto organised venues thus increasing market

transparency and integrity alike. MiFIR, which implements parts of the MiFID II framework, outlines the process for determining which derivatives should be traded on-venue. The final draft technical standards came into force on 3 January 2018.

- Commission Delegated Regulation (EU) 2016/2251 supplementing EMIR with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty came into force on 4 January 2017. Its date of application differs per category of counterparty and specific obligation, ranging from 1 March 2017 to 20 September 2020.
- As a consequence of an extensive assessment of EMIR and evaluation thereof, the European Commission proposed two sets of amendments. The first set of amendments were published in May 2017, and it is intended that these amendments introduce simpler and more proportionate rules on OTC derivatives that will reduce costs and burdens for market participants, without compromising financial stability (see the Commission's Proposal in COM 2017/0208).

Packaged Retail and Insurance-based Investment Products

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

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

Mortgage Credit Directive

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

PSD 2 and Multilateral Interchange Fees Regulation

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

The PSD 2 has been finalised and was published as a consolidating new Directive (2015/2366) in the Official Journal of the European Union on 23 December 2015. The PSD 2 has replaced the previous Payment Services Directive (2007/64/EC) as from 13 January 2018. The main objectives of PSD 2 are to (i) contribute to a more integrated and efficient European payments market, (ii) improve the level playing field (including new players), (iii) make payments safer and more secure, (iv) improve consumer protection, and (v) encourage lower prices for payments.

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

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

Data Protection Regulation

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

Regulation was intended to come in effect on 25 May 2018 (the date as from which the GDPR applies), but is now expected to come into effect in the course of 2019.

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 a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

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

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Other

Other developments include a proposal adopted by the European Commission for a regulation on reporting and transparency of securities financing transactions. This securities financing transaction regulation came into force on 12 January 2016 (Regulation (EU) 2015/2365).

Supervision of insurance activities

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

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

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

As is the case with respect to banks, Dutch insurers are subject to certain rules on recovery and resolution. On 1 January 2019, a new recovery and resolution regime came into force for Dutch insurers pursuant to the Act on recovery and resolution of insurance undertakings (*Wet herstel en afwikkeling van verzekeraars*, the "**Insurance Recovery and Resolution Act**"). The Insurance Recovery and Resolution Act sets out, *inter alia*, the resolution instruments that are available to DNB when the insurer meets the conditions for resolution, which may include (without limitation) the sale of the insurer's business, the separation of assets, bail-in and temporarily transferring (part) of an insurance undertaking to a semi-public entity.

Insurance brokerage

On 23 February 2016 the IDD (formerly known as the Insurance Mediation Directive II) came into force and replaced Directive 2002/92/EC ("**Insurance Mediation Directive**"). The Insurance Mediation Directive regulates brokers and other intermediaries selling insurance products. In contrast to the Insurance Mediation Directive, the scope of the IDD is extended to all sellers of insurance products, focussing especially on market integration, fair competition between distributors of insurance products and policyholder protection. Member States were required to implement the IDD into national legislation by 23 February 2018.

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

UCITS V/AIFM Directive/MMFR

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

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

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

On 20 July 2017, Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on Money Market Funds ("**MMFR**") came into force. The MMFR introduces new rules aimed at making money market funds ("**MMFs**") more resilient to crises and at the same time securing their financing role for the economy, which rules apply from 21 July 2018. MMFs are either UCITS or AIFs that invest in short-term financial instruments and have specific objectives. The MMFR aims to make MMFs safer and provide for more transparency, investor information and investor protection by requiring MMFs to diversify their asset portfolios, invest in higher-quality assets, follow strict liquidity and concentration requirements and have sound stress testing processes in place.

4th EU AML/CFT Directive

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

amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, entered into force, enhancing the existing EU measures to combat money laundering and the financing of terrorism. The provisions of the directive were to be transposed into the laws of the EU Member States (*Wet ter voorkoming van witwassen en financieren van terrorisme or WWFT*) and were to be applied by 26 June 2017. However, the Dutch implementation of these provisions only entered into force on 25 July 2018. Important changes in the EU requirements regarding anti-money laundering and the countering of the financing of terrorism (EU AML/CFT requirements) relate to additional requirements for identification and verification of the ultimate beneficial owner and extension of the definition of politically exposed persons (PEPs) to domestic PEPs. The changes will have considerable impact on client on-boarding processes and may require re-papering of client files to meet the obligations on a group wide level.

Regulation and supervision in The Netherlands

General

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

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

Prudential Supervision

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

Supervision by DNB

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

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

reduce risks inherent to the Issuer's systems by requiring improvements of its systems or require the Issuer to raise additional regulatory capital. Such measures may adversely impact the Issuer's business and may force the Issuer to make substantial investments to meet the above requirements.

Dutch Intervention Act

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

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

Financial Markets Amendment Decree 2017

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

Financial Markets Amendment Act 2018

A consultation document for the Financial Markets Amendment Act 2018 was published on 27 July 2016. The 2018 Amendment Act entered into force on 1 January 2019. Two of the important changes relate to (i) the introduction of a requirement for the AFM and the DNB to disclose confidential information in respect of entities, their managing directors and shareholders to the Ministry of Finance and (ii) introduction of the attachment prohibition (*verbod op derdenbeslag*) when monies or assets are placed with DNB for the settlement of payments.

Financial Markets Amendment Act 2019

A consultation document for the Financial Markets Amendment Act 2019 was published on 19 January 2018. The 2019 Amendment Act is expected to enter into force on 1 July 2019. Two of the important changes relate to (i) the ability of the *Bureau Financieel Toezicht* to share information with the AFM for the purpose of exercising the AFM's supervisory tasks under the Act on the supervision of audit firms (*Wet toezicht accountantsorganisaties*) and (ii) the removal of the requirement that the Ministry of Finance needs to approve regulations (*verordeningen*) from the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*) before they can enter into force.

Mortgage Lending Rules

In The Netherlands, additional restrictions apply to the principal residence mortgage loan market for individuals. These restrictions have been introduced against the background of a stagnant Dutch economy and in an environment of decreasing house prices and a significant reduction in the volume of houses sold. The maximum loan amount for government-guaranteed mortgage loans (*Nationale Hypotheekgarantie*, "NHG") is currently capped at EUR 290,000. This cap is related to the average value of houses. In addition, the Dutch government has further restricted the maximum permissible amount of a mortgage loan to 100% (including 2% transfer tax) of the value of the property as from 1 January 2018. The lowering of this loan-to-value rate is expected to put further downward pressure on the total outstanding volume of mortgages in The Netherlands

which could decrease the size of the Issuer's mortgage portfolio.

In The Netherlands, subject to a number of conditions, mortgage loan interest payments used to be fully deductible from the income of the borrower for income tax purposes. However, new legislation on tax deductibility of new mortgages loans took effect on 1 January 2013. To be eligible for tax deductibility, new mortgage loans must be redeemed fully (100%) during the term of the loan based on an annuity or linear scheme. Existing mortgage loans are not impacted. However, for all mortgage loans, new and existing, tax deductibility will be gradually reduced by 0.5% per year (49% in 2019). As per 1 January 2020, the maximum deduction of mortgage interest will be reduced more quickly than the current reduction of 0.5% per year. From 2020 onwards, the maximum deduction will be reduced with 3% per year to 37.05% in 2023. Changes to the deductibility of interest payments may, amongst other things, have an effect on the house prices and the rate of economic recovery on mortgage loans for mortgage loan providers (such as the Issuer) and may result in an increase of defaults, prepayments and repayments of mortgage loans.

Ban on referral fees and bonuses

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

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

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

Conduct of business supervision

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

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

Dutch bank tax

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

Due to the introduction of the bank tax, ABN AMRO incurred a EUR 98 million surcharge in 2015, a EUR 98 million surcharge in 2016 and a EUR 103 million surcharge in both 2017 and 2018, increasing expenses and the cost/income ratio. This measure will lead to costs in subsequent years.

Regulation in the rest of the world

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

Dodd-Frank Act

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

The U.S. Commodity Futures Exchange Commission ("**CFTC**") and the SEC continue to issue regulations to implement the OTC derivatives provisions of the Dodd-Frank Act. The CFTC has issued all of its implementing rules; the SEC has adopted some of its implementing rules, while others have not yet been finalised. The final phase of the CFTC's rulemaking involves rules relating to capital of registered swap entities and margin for uncleared swaps, which are currently being phased in. Based on its current activity in U.S.-regulated derivatives markets, ABN AMRO has not registered as a swap dealer with the CFTC. While the SEC adopted final rules and forms for the registration of security-based swap dealers and major security-based swap participants in 2015, those rules are not currently in effect. ABN AMRO is monitoring legal developments and OTC derivatives volumes to determine whether it needs to register with either the CFTC or the SEC.

FATCA

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

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

Information exchange and reporting

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

Accordingly, an increasing number of requests are made to ABN AMRO and entering into relationships with new clients is becoming more complex. Therefore, ABN AMRO may be required to make significant investments in money and time in order to be able to continue to operate in all countries where it operates.

Sanctions

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

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

1.9 Legal and arbitration proceedings

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

Settlement with Ageas

In 2009, Ageas SA/NV (formerly known as "**Fortis SA/NV**") and ageas N.V. (formerly known as "**Fortis N.V.**") (together, "**Ageas**") initiated legal proceedings against ABN AMRO Capital Finance Ltd, ABN AMRO Bank and the Dutch State claiming EUR 363 million compensation for which Ageas was liable on the cash settlement date. Furthermore, on 7 December 2010 and in accordance with the transaction documentation, the EUR 2 billion of 8.75% Mandatory Convertible Securities ("**MCS**") converted into ordinary Ageas shares and the final (semi-annual) coupon was paid. Ageas claimed it was entitled to receive EUR 2 billion of ABN AMRO ordinary shares by way of compensation. On 28 June 2012, however, the former ABN AMRO Group N.V., ABN AMRO Bank and Ageas agreed to settle all disputes, including the proceedings initiated by Ageas regarding the two aforementioned claims, between the former ABN AMRO Group N.V., ABN AMRO Bank, the Dutch State and Ageas in relation to the equity transactions which resulted in the takeover of the Dutch activities of the Former Fortis group by the Dutch State on 3 October 2008. Previously, the EUR 2.0 billion liability resulting from the MCS was retained in the balance sheet, of which EUR 1.75 billion continued to qualify as Tier 1 capital. Under IFRS this obligation was required to be classified as a liability instead of equity

since the number of shares to be issued by ABN AMRO, if any, for the conversion of the liability was unclear as the contract did not stipulate a fixed amount of shares to be delivered. After the settlement, core Tier 1 capital increased by EUR 1.6 billion, being the sum of the EUR 2.0 billion liability and the one-off settlement amount of EUR 400 million as paid by ABN AMRO to Ageas. As a result, Tier 1 and total capital decreased by EUR 150 million.

Certain MCS-related hedge fund claims of EUR 1.75 billion plus 8.75% coupon until 7 December 2030 are not included in the settlement. These related proceedings initiated by certain hedge funds in Belgium against the four issuers of the MCS are still pending. On 23 March 2012, the Commercial Court in Brussels (Belgium) rejected all claims of the hedge funds. This verdict underlines the verdict in the summary proceedings (*kort geding*) of November 2010 that the MCS holders could not unilaterally amend the terms and conditions of the contract. Certain hedge funds have filed an appeal against the verdict. The Court of Appeal rendered judgement on 1 February 2019 and all claims of the hedge funds have been denied by the Court of Appeal.

Madoff fraud

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

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

Sale of interest rate derivatives

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

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

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

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

Current proceedings are pending and their outcome, as well as the outcome of any threatened proceedings, is uncertain, as is the timing of reaching any finality on these legal claims and proceedings.

In December 2015 the AFM concluded that some aspects of the reviews banks were conducting would need to be amended. The AFM instituted a taskforce with the objective to come to a uniform solution for all clients and banks. On 1 March 2016, the AFM published a press release and a letter addressed to the Dutch Minister of Finance advising him to appoint a committee of independent experts. On 5 July 2016 this committee of independent experts published the first draft Uniform Recovery Framework. On 19 December 2016 the final Uniform Recovery Framework was published. ABN AMRO is adhering to and participating in the Uniform Recovery Framework. As a result, ABN AMRO increased the provision charged to the results in the second quarter of 2016 by around EUR 360 million (this increase was exclusive of implementation costs). The provision was increased mainly to cover an additional consideration and an expanded scope of the reassessment. Originally, all SME and middle market clients with a current interest rate derivative at 1 April 2014 were in scope of the reassessment. The new recovery framework includes clients who had one or more interest rate derivatives between 1 April 2011 and 1 April 2014. At the end of Q1 2019, the Issuer has proposed a solution to 6886 clients in scope of the Uniform Recovery Framework. Seventeen clients in scope have not received an offer. This group consists of (former) clients which started legal proceedings against the Issuer or in respect of which vital contact details are missing. At various points in the process, the reassessments will be checked by an independent external file reviewer (the audit firm PwC, supervised by the AFM). The total provision for SME derivatives-related issues as at 31 December 2018 amounted to EUR 276 million. See also the risk factor "*The Issuer is exposed to regulatory scrutiny and potentially significant claims for violation of the duty of care owed by it to clients and third parties*".

Intertrust

In connection with the sale of the Issuer's 75% share of a trust business to Intertrust International Holding B.V. ("**Intertrust**") in 2009, the Issuer has, in the share purchase agreement, given certain indemnities to Intertrust. In this respect currently two matters are relevant.

- Since 2013, litigation has been threatened, but not brought, against the Swiss part of the trust business by one of the latter's clients in connection with an alleged loss of value of certain assets that were allegedly transferred late by the Swiss part of the trust business to this client. The client would have suffered a loss of approximately CHF 62 million excluding interest. In 2014, Intertrust brought litigation against ABN AMRO and the other seller under the SPA to establish that any damages that Intertrust might suffer as a result of any claim by the client fall within the scope of the indemnification given by ABN AMRO. As the client has not commenced formal proceedings, Intertrust and ABN

AMRO and the other seller have agreed in 2015 to suspend, for the time being, the proceedings on the scope of the indemnity.

- In a different matter, on 2 May 2017 Intertrust was summoned to appear before the Paris district court in relation to a dispute between two heirs to a family inheritance involving two foundations administered by Intertrust. One heir alleges that the Intertrust entities have cooperated to embezzlement of assets from the inheritance by the other heir. The claims against the Intertrust entities are (i) EUR 5 million in damages, (ii) joint and several liability for the claims against the second heir, which could amount up to EUR 30 million and (iii) legal costs. In addition, legal proceedings including damages claims in this matter are pending in Curacao. The Issuer is of the opinion that this claim against Intertrust falls outside the scope of the indemnification given by the Issuer and the other seller in the share purchase agreement.

Adjustment of margin charge on mortgage loans with floating interest rates

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

ABN AMRO lost the class action cases at the lower court in November 2015. The Amsterdam court's judgement took a principled view of unconditional pricing amendment provisions.

ABN AMRO filed an appeal against this judgement. On 19 December 2017, the Amsterdam Court of Appeal ruled that ABN AMRO was not allowed to increase the surcharges on Euribor mortgages. The court ruled that the amendment clauses used by the bank in its general conditions to increase the margin charged were unfair, based on the European Directive on unfair conditions in consumer contracts. Consequently, these clauses were quashed. The court ruled that the clauses were unfair because they were not transparent as: (i) the mortgage credit agreement was not clear about the fact that the interest rate contained a variable margin and/or how high the surcharge was, (ii) clients were not informed about the different cost components of the margin and could not foresee the economic consequences up-front, and (iii) therefore, clients had not explicitly chosen for a variable margin and its economic consequences when entering into the mortgage credit agreement. ABN AMRO decided to appeal (*cassatie*) to the Supreme Court (*Hoge Raad*) and filed the final necessary documents in view thereof in late August 2018. The Procurator General of the Supreme Court issued its advice in early April 2019. The Supreme Court's verdict is expected in October 2019.

ABN AMRO has recorded a provision, but is unable to accurately assess potential exposures as a result of further potential litigation in reaction of the appeal court's decision.

Imtech

ABN AMRO has extended credit to the Imtech N.V. group of businesses and it holds shares in Imtech N.V. further to an underwriting commitment in an Imtech N.V. rights offering. The Imtech N.V. group has been in financial difficulties ever since certain fraudulent events, perpetrated by certain managers and staff, were discovered a few years ago. In April 2015, Stichting Imtechclaim has threatened to initiate a collective action lawsuit against Imtech N.V., KPMG Accountants N.V. and the underwriters of the Imtech N.V. rights offerings. By letter of 20 January 2018, Stichting Imtechclaim and Imtech Shareholders Action Group B.V.

have held ING, Rabobank, Commerzbank and ABN AMRO liable for (alleged) misstatements in the prospectuses and for (alleged) *actio pauliana*. In the course of 2015 the Vereniging van Effectenbezitters ("**VEB**") announced that it had concluded an agreement with the liquidators of Imtech and is preparing actions against various parties involved in the Imtech matter, including against banks. The VEB wrote to ABN AMRO and the other underwriters by letter dated 28 March 2018 and holds ING, Rabobank, Commerzbank and ABN AMRO liable for (alleged) misstatements in the prospectuses. On 10 August 2018, ABN AMRO received a formal notification from Imtech's trustees in which they assert to have claims on Imtech's lenders, bondholders and underwriting banks based on (alleged) *actio pauliana* and (alleged) unlawful acts. The letter aims to interrupt limitation periods in view of the trustee's alleged claims. The trustees indicated in their letter that they are still investigating the case.

Novacap

Deutsche Bank AG, as legal successor of Hollandsche Bank-Unie N.V. and New HBU II N.V. (together "**HBU**"), is involved in proceedings in connection with NovacapFloraris Termijnfonds ("**Novacap**"), a EUR 85 million investment fund for flower bulb-contracts. Around 2003, HBU provided loans to a group of clients to invest in Novacap. Novacap was supposed to invest these moneys in tulip bulbs, but turned out to be a fraudulent scheme. In connection with the sale by ABN AMRO of HBU to Deutsche Bank AG in 2009, ABN AMRO has agreed to indemnify and hold harmless Deutsche Bank AG for and against any losses in respect of Novacap litigation.

Since 2008, Deutsche Bank AG received claims for liability from several parties, most notably from the Stichting Belangenhartiging Bloembollen Ondernemers ("**SBBO**"). SBBO claims an amount in excess of EUR 208 million. SSBO and a number of other parties involved have repeatedly written to Deutsche Bank AG to stop the relevant statutory limitation periods from lapsing. To date, no legal proceedings were started by the majority of these parties, including SSBO. However, in view of a recent judgment in legal proceedings against Deutsche Bank AG initiated by another party in connection with Novacap, it cannot be excluded that further claims and legal proceedings will be initiated.

Stichting Havensteder

In 2016, housing corporation Stichting Havensteder ("**Havensteder**") initiated litigation against the Issuer containing allegations regarding two loans granted by the Issuer to a legal predecessor of Havensteder. Pursuant to the terms of the two loans, the Issuer has the right to extend the maturity of the loans at a certain date against a certain fixed interest rate. The relevant loans are co-signed and guaranteed by semi-public institution WSW (*Waarborgfonds Sociale Woningbouw*). Havensteder claims that the loans are void on the basis of (*inter alia*) error and abuse of circumstances. In addition, Havensteder holds the Issuer liable for consequential damages as a result of, among other things, an alleged breach of duty of care. Havensteder claims an amount of EUR 60 million, being the alleged actual termination value of the relevant loans.

Eurostar Diamond Traders

Eurostar is a client of ABN AMRO that has defaulted on its loans. ABN AMRO is trying to recover as much of ABN AMRO's outstandings as possible. In response, Eurostar has made a series of accusations and claimed compensation in proceedings commenced in 2019 in the amount of USD 700 million for alleged wrongful acts committed by ABN AMRO.

Partner Logistics

In August 2016, the Issuer received a writ of summons from an indirect shareholder of the Issuer's former clients Partner Logistics Group B.V. and Partner Logistics Europe B.V. Both companies declared bankruptcy in the course of 2012. The indirect shareholder now alleges that the Issuer has acted wrongfully in the context of the bankruptcy of both companies and claims damages allegedly suffered by it in the amount of EUR 200 million. In response to the writ of summons, the Issuer filed its statement of defence with the Amsterdam court on 18 January 2017. The court has ordered another round of pleadings, after which parties have filed their statements of reply (the indirect shareholder) and rejoinder (the Issuer) in the course of 2017. The indirect shareholder has responded on the Issuer's exhibits in a further statement of 18 January 2018. The Issuer has subsequently responded to parts of this statement on 14 March 2018. After the hearing in September 2018, the

court rendered its judgement in October 2018 in which it denied all the claims. The indirect shareholder has filed (pro forma) appeal against judgement in January 2019. The appeal proceedings will continue in the course of 2019.

Claims relating to the history of ABN AMRO

A group of former Fortis SA/NV and Fortis N.V. shareholders, including the VEB is litigating against, among other persons, Ageas, certain banks and a number of former Fortis SA/NV and Fortis N.V. directors. The VEB alleges damages in excess of EUR 17 billion. The VEB announced on 14 March 2016 that it has reached a settlement with Ageas. Following renegotiation upon instruction of the Court of Appeal in Amsterdam, Ageas has made EUR 1.3 billion available for this settlement. The settlement has been approved and declared binding (*verbindend verklaard*) by the Court of Appeal in Amsterdam on 13 July 2018. The claimants in certain other actions have been successful in establishing misleading disclosure by, among other persons, Ageas. ABN AMRO is not a party to any of these proceedings. Although ABN AMRO believes that there is no basis for successful claims against it in connection with these matters, it cannot be excluded that it is joined in current proceedings, or that proceedings in connection with the matters described above are brought against it.

Discussions with tax authorities in Switzerland and Germany

The tax treatment of certain transactions relating to discontinued securities financing activities in ABN AMRO's international offices, which date back to the time before ABN AMRO assumed control of FBNH, were the subject of discussions with the Swiss and German tax authorities. In Switzerland, the discussion regarded subsidiaries of FBNH that held long positions in Swiss traded equities and reclaimed dividend withholding tax. In 2010, the Swiss tax authority announced that it would not pay out further pending refund claims and would try to reclaim amounts already paid as the transactions were only motivated by tax reasons and therefore the subsidiaries were not considered beneficial owners of the respective underlying dividends. In 2017, the respective files were closed. As a result, ABN AMRO received a partial refund of earlier payments made.

In Germany, investigations are being conducted by German authorities into equity arbitrage trading extending over dividend record dates by various banks and other parties. A subsidiary previously owned by a subsidiary of FBNH sold shares in a Luxembourg entity by way of a management buy-out, which held the shares in a different German company (referred to, for purposes of this section, as the "**German company**"). ABN AMRO assumed the German company's tax liabilities in the merger with FBNH. In 2012, the German tax authorities issued notices to the German company of intent to reclaim dividend withholding tax amounts claimed by the German company in the years 2007 through 2009. ABN AMRO has paid amounts in relation to these notices in the first quarter of 2017. In 2018, almost all outstanding tax issues were settled, which resulted in a refund of partial payments earlier made. Remaining tax issues are not material. ABN AMRO has furthermore received information requests from authorities and third parties in respect of such customer dealings in the past, and it cannot be excluded that ABN AMRO might be affected by official investigations in the future. ABN AMRO could become subject to civil and criminal law claims and sanctions, which may be material.

Ciccolella

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

Indemnity to the Dutch State

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

ICS

ICS, the credit card business of ABN AMRO, identified certain issues in its credit lending portfolio and its internal processes and IT systems. ICS allowed credit limits to a number of its clients above their lending capacities. ICS prepared a redress scheme that contained remedial measures for affected clients. This redress scheme has been implemented and the final compensation payments are expected to be made in the course of 2019. ICS reported these issues to the AFM. On 15 June 2017, the AFM announced that it is imposing a fine of EUR 2.4 million on ICS for excessive credit limits.

1.10 Material Agreements

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

IBM Global Master Services Agreement

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

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

1.11 Recent developments

In November 2018 ABN AMRO announced that Mr Steven ten Have and Ms Frederieke Leeftang have decided to resign from ABN AMRO's Supervisory Board in 2019 in order to allow for the appointment of Ms

Anna Storåkers and Mr Michiel Lap. In April 2019, the Annual General Meeting approved the appointments of Ms Anna Storåkers and Mr Michiel Lap as members of the Supervisory Board of ABN AMRO for a period of four years ending at the close of the Annual General Meeting in 2023. Mr Steven ten Have and Ms Frederieke Leeftang have stepped down as members of ABN AMRO's Supervisory Board. As a result, the Supervisory Board consists of Mr Tom de Swaan (Chairman), Mr Arjen Dorland, Mr Michiel Lap, Ms Annemieke Roobeek, Mr Jurgen Stegmann, Ms Anna Storåkers and Mr Tjalling Tiemstra.

On 16 June 2019 ABN AMRO announced that Mr Kees van Dijkhuizen will not serve a new term of office as CEO following the end of his current term, which will expire at the Annual General Meeting on 22 April 2020.

2. SHAREHOLDER AND CONTROL

2.1 Shareholder

On the date of this Base Prospectus, all shares in the capital of ABN AMRO Bank are held by two foundations: NLFI and Stichting Administratiekantoor Continuïteit ABN AMRO Bank ("**STAK AAB**"). Both foundations have issued depository receipts for shares in ABN AMRO Bank. Only STAK AAB's depository receipts are issued with the cooperation of ABN AMRO Bank and traded on Euronext Amsterdam.

On the date of this Base Prospectus, STAK AAB holds 50.1% of the shares in the issued capital of ABN AMRO Bank. The Dutch State holds an interest in ABN AMRO Bank through NLFI. On the date of this Base Prospectus, NLFI holds a stake of 56.3% in ABN AMRO Bank, of which 49.9% is directly held via ordinary shares and 6.4% is indirectly held via depository receipts issued by STAK AAB. As such NLFI holds a total voting interest of 56.3% in ABN AMRO Bank. NLFI has waived, in its capacity of holder of depository receipts issued by STAK AAB only, for as long as NLFI holds the depository receipts, any meeting and voting rights attached to the depository receipts other than the right to vote on the underlying shares of the depository receipts held by NLFI in the shareholders meeting of ABN AMRO Bank in accordance with the general terms of administration (*administratievoorwaarden*) of STAK AAB.

Material or principal decisions of NLFI require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions with respect to such decisions. NLFI is not permitted to dispose of or encumber the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

NLFI entered into a relationship agreement with the former ABN AMRO Group with respect to their mutual relationship after the IPO (the "**Relationship Agreement**"). Upon the IPO, the Relationship Agreement replaced an earlier memorandum of understanding between NLFI and the former ABN AMRO Group. In view of the Group Legal Merger, the Relationship Agreement was amended by NLFI and ABN AMRO Bank (as legal successor of ABN AMRO Group) with effect from 29 June 2019. The Relationship Agreement will terminate if and when NLFI (directly or indirectly) holds less than 10% of ABN AMRO Bank's (as legal successor of ABN AMRO Group after the Group Legal Merger) issued share capital, except for a limited number of clauses, which will not terminate under any circumstances.

STAK AAB is independent from ABN AMRO and is a holder of shares in ABN AMRO Bank's issued share capital. STAK AAB has acquired such shares for the purpose of administration (*ten titel van beheer*) in exchange for depository receipts. This structure can serve as a defence measure. The STAK AAB also aims to promote the exchange of information between ABN AMRO Bank on the one hand and holders of depository receipts and shareholders on the other hand, for example, by organising a meeting of depository receipt holders prior to ABN AMRO Bank's General Meeting. STAK AAB will also report on its activities periodically, at least once a year. This report was published by STAK AAB for the first time in 2016. In addition, further sell-downs of NLFI's shareholding in ABN AMRO Bank will take place through STAK AAB (and in the form of depository receipts).



2.2 Control

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

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

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

On 17 November 2016 NLFI, on behalf of the Dutch state, agreed to sell additional depository receipts representing shares in the former ABN AMRO Group. Following the settlement, the stake of NLFI declined from 77% to 70%.

On 28 June 2017 NLFI, on behalf of the Dutch state, agreed to sell additional depository receipts representing shares in the former ABN AMRO Group. Following the settlement, the stake of NLFI declined from 70% to 63%.

On 15 September 2017 additional depository receipts representing ordinary shares in the former ABN AMRO Group were sold. Following the settlement, the stake of the Dutch State further declined from 63% to 56%.

On 21 December 2017 NLFI announced that it has transferred approximately 59.7 million ordinary shares in

the former ABN AMRO Group to STAK AAG in exchange for an equal amount of depository receipts for ordinary shares in ABN AMRO. As a result of the transfer, NLFI continues to hold a stake of 56.3% in the former ABN AMRO Group, of which 49.9% is directly held via ordinary shares and 6.4% indirectly via depository receipts issued by STAK AAG. The remaining 43.7% is held by institutional and retail investors in the form of depository receipts.

On 29 June 2019 the Group Legal Merger between ABN AMRO Bank and ABN AMRO Group became effective. As a result, all shares in ABN AMRO Group became shares in ABN AMRO Bank and each depository receipt subsequently represents one share in ABN AMRO Bank.

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

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

3. MANAGEMENT AND GOVERNANCE

ABN AMRO Bank is a public company with limited liability incorporated on 9 April 2009 under the laws of The Netherlands. The company has a two-tier board governance consisting of a Supervisory Board and an Executive Board.

3.1 Supervisory Board of ABN AMRO Bank

Responsibilities of the Supervisory Board

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

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

Composition of the Supervisory Board

The following persons are appointed as members of the Supervisory Board (an overview indication of their principal activities outside of ABN AMRO is included)⁶:

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
Tom de Swaan <i>Chairman</i>	12 July 2018	<i>Last position:</i> Chief Financial Officer ABN AMRO Bank N.V.	<i>Supervisory positions:</i> Chairman of the Supervisory Board of Antoni van Leeuwenhoekziekenhuis (Netherlands Cancer Institute) Member of the Supervisory

⁶ Except for their principal functions in ABN AMRO or its subsidiaries, directors' other functions within ABN AMRO or its subsidiaries have not been included.

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
Arjen Dorland	18 May 2016	<i>Last position:</i> Executive Vice President of Technical and Competitive IT, Royal Dutch Shell.	<p>Board of the Holland Festival Foundation (Netherlands)</p> <p>Board member of the Liszt Concours Foundation (Netherlands)</p> <p><i>Other positions:</i></p> <p>Chairman of the Board of the National Opera & Ballet Fund Foundation (Netherlands)</p> <p>Member of the Board of the Premium Erasmianum Foundation</p> <p>Member of the International Advisory Board of Akbank</p> <p><i>Supervisory position:</i> Member of Supervisory Council of Stichting Naturalis Biodiversity Center</p> <p>Member supervisory board Essent N.V.</p> <p>Chairman of the Supervisory Council of Haaglanden Medisch Centrum</p>
Annemieke Roobeek	30 March 2010 Reappointed on 30 May 2017 for such period until the new member shall be appointed (such period, for the avoidance of doubt, in any event not being longer than 4 years)	<i>Current position:</i> Professor of Strategy and Transformation Management at Nyenrode Business Universiteit, Director and owner of MeetingMoreMinds B.V., Owner of Open Dialogue B.V. and Co-initiator and Co-owner of XL Labs B.V.	<p><i>Supervisory positions:</i></p> <p>Member of the Supervisory Board of Howaldt & Co. Investmentaktiengesellschaft TGV (Hamburg, Germany)</p> <p><i>Other positions:</i></p> <p>Chair of PGGM Advisory Board for Responsible Investment</p> <p>Chair of Stichting INSID (Institute for sustainable innovation & development directed by His Royal Highness Prince Carlos de Bourbon de Parme)</p> <p>Member of the "Inspirational</p>

Name	Appointment date	Positions held	Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO
Jurgen Stegmann	12 August 2016	<i>Last position:</i> Director Stegmanagement B.V.	Board" (Advisory Board), CPI Governance Chair of Stichting Social Finance NL <i>Supervisory positions:</i> Member Supervisory Board of Janssen de Jong Groep B.V. Member of the Supervisory Board of MN Services N.V.
Tjalling Tiemstra	18 May 2016	<i>Current position:</i> Director Drs J.S.T. Tiemstra Management Services B.V. <i>Last position:</i> Chief Financial Officer of Hagemeyer N.V.	<i>Supervisory positions:</i> Member of Supervisory Board of Royal Haskoning DHV B.V. <i>Other positions:</i> Board member of Stichting Continuïteit KBW N.V. (Continuity Foundation Koninklijke Boskalis Westminster) Board member of Stichting Preferente Aandelen (Preference Shares) Wolters Kluwer Board member of Stichting Administratie Kantoor van Aandelen N.V. Twentsche Kabel Holding (Administration Office for Shares) Member of Advisory Board of Dienst Uitvoering Onderwijs (DUO) (Education Executive Agency of the Dutch Ministry of Education, Culture and Science) Member Monitoringcommissie Code Pensioenfondsen (Monitoring Committee Dutch Pension Funds Code) Member of the Advisory Board of the Court of Justice of Rotterdam Deputy expert member of the Ondernemingskamer Gerechtshof Amsterdam (Court of Enterprise at the Amsterdam Court of Appeal)

<u>Name</u>	<u>Appointment date</u>	<u>Positions held</u>	<u>Principal affiliations outside ABN AMRO which are significant with respect to ABN AMRO</u>
Anna Storåkers	24 April 2019	<p><i>Last position:</i></p> <p>Several management positions within Nordea Bank</p>	<p>Chairman of the Governance, Risk & Compliance Committee of Nederlandse Beroepsorganisatie van Accountants (NBA) (Dutch Institute of Chartered Accountants)</p> <p>Chairman of the European Leadership Platform's Advisory Board</p> <p><i>Supervisory positions:</i></p> <p>Non-executive Member of the Board of Directors of Nordea Life Holding AB</p> <p>Non-executive Member of the Board of Directors of eWork Group AB</p> <p>Non-executive director of NDX Intressenter AB</p> <p>Non-executive director of Nordax Group AB (publ)</p> <p>Non-executive director of Nordax Bank AB (publ)</p>
Michiel Lap	24 April 2019	<p><i>Current position:</i></p> <p>Director at Rijn Capital B.V.</p> <p>Industrial Advisor at EQT Partners</p>	<p><i>Supervisory positions:</i></p> <p>Vice Chairman and member of the Supervisory Board and Audit and Risk Committee at Arcadis N.V.</p>

In April 2019, the Annual General Meeting approved the appointments of Ms Anna Storåkers and Mr Michiel Lap as members of the Supervisory Board of ABN AMRO for a period of four years ending at the close of the Annual General Meeting in 2023. Mr Steven ten Have and Ms Frederieke Leeftang have stepped down as members of ABN AMRO's Supervisory Board (see also "1.11 Recent Developments" above).

Activities of the Supervisory Board

The Supervisory Board of ABN AMRO has three committees:

Audit Committee

The Audit Committee is tasked with the direct supervision of all matters relating to financial reporting and controlling. In doing so, it is responsible for supervising (and advising the complete Supervisory Board) in respect of, amongst other things, (i) the assessment of the principles of valuation and determination of results for the financial statements, (ii) internal control and financial reporting functions, (iii) internal and external audit, (iv) risk assessment of issues that could impact the financial reporting, (v) compliance with applicable

laws and regulations, (vi) mediation between internal or external auditors and/or management, and (vii) reporting to the Supervisory Board. The committee is composed of Tjalling Tiemstra (Chair), Michiel Lap, Tom de Swaan and Jurgen Stegmann.

Remuneration, Selection & Nomination Committee

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

Risk & Capital Committee

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

3.2 **Executive Board of ABN AMRO Bank N.V.**

Responsibilities of the Executive Board

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

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

Composition of the Executive Board

The following persons are appointed as members of the Executive Board, together with an indication of their principal activities outside of ABN AMRO⁷:

Name	Date of Appointment	Principal activities performed outside ABN AMRO which are significant with respect to ABN AMRO
Kees van Dijkhuizen, <i>CEO and Chairman</i>	1 May 2013 Appointed as CEO	<i>Supervisory positions:</i> No

⁷ Except for their principal functions in ABN AMRO Bank or its subsidiaries, directors' other functions within ABN AMRO Bank or its subsidiaries have not been included.

<u>Name</u>	<u>Date of Appointment</u>	<u>Principal activities performed outside ABN AMRO which are significant with respect to ABN AMRO</u>
	as per 1 January 2017	<i>Other positions:</i> Chairman, Government Committee on Export, Import and Investment Guarantees; Member; AFM Capital Market Committee; Board member Dutch Banking Association.
Clifford Abrahams, <i>Chief Financial Officer and Vice-Chairman</i>	1 September 2017	<i>Supervisory positions:</i> No
	Appointed as Vice-Chairman as per 1 March 2018	<i>Other positions:</i> No
Christian Bornfeld, <i>Chief Innovation & Technology Officer</i>	1 March 2018	<i>Supervisory positions:</i> No
Tanja Cuppen, <i>Chief Risk Officer</i>		<i>Other positions:</i> No
	1 October 2017	<i>Supervisory positions:</i> No
		<i>Other positions:</i> Member of Investment Committee, Argidius Foundation, Zug, Switzerland

3.3 Conflict of interest and address information

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

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

OPERATING AND FINANCIAL REVIEW

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

The discussion in this Base Prospectus of ABN AMRO Group's results of operations for the year ended 31 December 2018 as compared to the year ended 31 December 2017 is based on reported results. The discussion in this Base Prospectus of ABN AMRO Group's results of operations for the year ended 31 December 2017 as compared to the year ended 31 December 2016 is based on underlying results. Underlying results are non-IFRS measures and have not been audited or reviewed. The underlying results have been derived by adjusting the reported results, which are reported in accordance with IFRS, for defined Incidentals. For further information, please see "Presentation of Financial Information".

The reported results for the years ended as at 31 December 2018, 2017 and 2016 which are included in this Operating and Financial Review are derived from the Consolidated Annual Financial Statements of ABN AMRO Group N.V., which have been audited.

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

4.1 Summary of Financial Information Policies

Consolidated Annual Financial Statements

The Consolidated Annual Financial Statements are prepared on a historical cost basis, except for derivative financial instruments, financial assets and liabilities held for trading or designated as measured at fair value through profit or loss, financial instruments not held in a hold to collect business model, debt instruments that do not meet the solely payments of principal and interest ("SPPI") test, and equity investments in associates of a private equity nature, all of which are measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. Associates and joint ventures are accounted for using the equity method.

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

Changes in accounting policies in 2018

During 2018 ABN AMRO adopted the following amendments to IFRS:

IFRS 9 (Financial Instruments)

ABN AMRO adopted IFRS 9 (Financial Instruments) as at 1 January 2018. IFRS 9 was issued by the IASB in July 2014 and endorsed by the European Union in November 2016. ABN AMRO has applied the principles of IFRS 9 retrospectively from 1 January 2018 onwards. Prior years have not been restated in line with the transitional provisions of the standard. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and includes requirements for the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting.

ABN AMRO has decided to continue applying IAS 39 for hedge accounting and the application of the

European Union carve out. For more information regarding the IFRS 9 transition, please refer to "*Notes to the Consolidated Annual Financial Statements – 1 Accounting policies*" in the Annual Report 2018.

Classification and measurement

The classification and measurement of financial assets under IFRS 9 is determined by the business model in which the assets are held and whether the contractual cash flows are SPPI. Under IFRS 9, financial assets can be measured at amortised cost, fair value through other comprehensive income ("**FVOCI**") or fair value through profit or loss ("**FVTPL**"). These categories replace the IAS 39 classifications of loans and receivables, available –for-sale, FVTPL, and held-to-maturity.

As part of the transition to IFRS 9, ABN AMRO has performed an analysis of the business models and contractual cash flows of all of its financial asset portfolios. This has resulted in a number of changes. Additional information on these changes is provided in the Annual Report 2018. See "*Notes to the Consolidated Annual Financial Statements – 1 Accounting policies*" in the Annual Report 2018.

The classification and measurement of financial liabilities (with the exception of the financial liabilities designated at FVTPL) has largely remained unchanged. The changes in fair value attributable to changes in the own credit risk of such liabilities are now presented in other comprehensive income. This resulted in a transfer of the applicable carrying amounts from retained earnings to accumulated other comprehensive income as at 1 January 2018. The cumulative amount of changes in fair value attributable to the credit risk of such liabilities is presented as liability own credit risk reserve in equity.

The IFRS 9 classification and measurement accounting policies of ABN AMRO are explained in "*Notes to the Consolidated Annual Financial Statements – 1 Accounting policies*" in the Annual Report 2018.

Impairments

IFRS 9 replaced the incurred loss model with the expected credit loss model ("**ECL**"), which is designed to be forward-looking. The IFRS 9 impairment requirements are applicable to financial assets measured at amortised cost and FVOCI. Additionally, the scope of the IFRS 9 impairment requirements is broader than under IAS 39 as loan commitments and financial guarantee contracts are also included. The financial instruments in scope of the IFRS 9 impairment requirements are divided into the following three groups, depending on the stage of credit quality deterioration:

- Financial instruments without a significant increase in credit risk (stage 1): the portion of the lifetime expected credit losses ("**LECL**") associated with default events occurring in the next twelve months is recognised. Interest income is recognised based on the gross carrying amount;
- Financial instruments with significantly increased credit risk (stage 2): LECL is recognised. Interest income is recognised based on the gross carrying amount;
- Credit-impaired financial instruments (stage 3): these financial instruments are in default and consequently a LECL is recognised. Interest income is recognised based on the amortised cost.

For more information regarding ABN AMRO's impairment policy, see "*Risk, funding & capital – Credit risk*" in the Annual Report 2018.

IFRS 15 Revenue from Contracts with Customers

The IFRS 15 standard became effective for annual periods beginning on or after 1 January 2018. It establishes a comprehensive five-step framework for determining the nature, amount, timing and uncertainty of revenue from contracts with customers.

After identifying contracts and their performance obligations, revenue is recognised as an amount that reflects the consideration to which ABN AMRO expects to be entitled to receive in exchange for transferring promised goods or services to customers. The transaction price is allocated to each performance obligation. Revenue is recognised when a promised good or service is transferred to the customer, either at a point in time or over time. ABN AMRO elected to apply the modified retrospective approach during the transition to the new standard and uses practical expedients where applicable. The standard enhanced the disclosure requirements for fee and commission income, and had no further impact on the Consolidated Annual Financial Statements

ABN AMRO Group N.V and comparative figures.

IFRS 2 (Share-based Payment)

In June 2016 the IASB issued amendments to IFRS 2 (Share-based Payments) to clarify the classification and measurement of share-based payment transactions. This comprised three amendments that clarify how to account for certain types of share-based payment transactions. As ABN AMRO currently does not have any IFRS 2 share-based payment plans, these amendments did not have any impact on the Consolidated Annual Financial Statements ABN AMRO Group N.V.

Annual Improvements to IFRS Standards 2014-2016 Cycle

This cycle of annual improvements comprises three amendments, one of which became effective on 1 January 2017. This amendment relates to IFRS 12 (Disclosure of Interests in Other Entities) and provides clarifications on the scope of the standard. The other two amendments became effective on 1 January 2018. Neither amendment, IFRS 1 relating to First-Time adoption and IAS 28 relating to Investments in Associates and Joint Ventures, had an impact on the Consolidated Annual Financial Statements ABN AMRO Group N.V.

New standards, amendments and interpretations not yet effective

The following amendments to IFRSs are issued by the IASB and endorsed by the European Union, but are not yet effective for the purposes of the Consolidated Annual Financial Statements of ABN AMRO Group N.V. ABN AMRO did not early apply any of the foregoing amendments. Note that only the amendments to IFRSs that are relevant for ABN AMRO are discussed.

IFRS 16 Leases

The new standard on leases was issued by the IASB in January 2016 and became effective on 1 January 2019. IFRS 16 replaces IAS 17 Leases and removes the distinction between ‘operating’ and ‘finance’ leases for lessees. The requirements for lessor accounting remain largely unchanged. In the transition to IFRS 16, the standard permits a choice of either a full retrospective or modified retrospective approach.

The main impact of IFRS 16 on the financial statements of ABN AMRO is expected to arise from leases of office buildings and cars which the bank leases for own use as lessee. ABN AMRO has elected to apply the modified retrospective approach in the transition to the new standard and will use several of the practical expedients. The transition to IFRS 16 is estimated to result in an increase of assets and liabilities of approximately EUR 0.3 billion. Additional disclosures on both the lessor and lessee lease portfolios will be included in the 2019 financial statements.

Amendments to IFRS 9

The IASB issued amendments to IFRS 9 (Prepayment Features with Negative Compensation), which became effective on 1 January 2019. These amendments allow instruments with symmetric prepayment options to be measured at amortised cost or at FVCOI. As ABN AMRO does not currently have any financial instruments with these features, it does not expect these amendments to have any impact on its financial statements .

New standards, amendments and interpretations not yet endorsed

The following new or revised standards and amendments have been issued by the IASB, but have not yet been endorsed by the European Union and are therefore not open for early adoption. Note that only the amendments to IFRS that are relevant for ABN AMRO are discussed below.

IAS 28 Investments in Associates and Joint Ventures

In October 2017, the IASB issued amendments to IAS 28 that became effective on 1 January 2019. The amendments state that IFRS 9 should be applied when accounting for long-term interests in an associate or joint venture to which the equity method is not applied. Based on our initial analysis, ABN AMRO does not expect these amendments to have any impact on its financial statements.

Annual Improvements 2015-2017 Cycle

In December 2017, the IASB issued the Annual Improvements to IFRS Standards 2015-2017 Cycle. These amendments are required to be applied for annual periods beginning on or after 1 January 2019. This cycle of annual improvements comprises amendments relating to IFRS 3 (Business Combinations), IFRS 11 (Joint Arrangements), IAS 12 (Income Taxes) and IAS 23 (Borrowing Costs). The impact of the amendments on the Consolidated Annual Financial Statements ABN AMRO Group N.V is expected to be insignificant.

IFRS 3 (Business Combinations)

In October 2018 the IASB issued amendments to IFRS 3 (Business Combinations). The amendments seek to resolve difficulties in determining whether an entity has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after 1 January 2020. ABN AMRO is currently assessing the impact of the amendments.

Definition of Material (IAS 1 and IAS 8)

In October 2018 the IASB issued amendments to IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). The amendments revised the definition of "material" and aligned the definition across other IFRS publications. ABN AMRO is currently assessing the impact of the amendments.

Amortisation of mortgage penalty interest

During Q4 2017, ABN AMRO adjusted its accounting policy for mortgage penalty interest received from interest rate renewals before the end of the interest period. Adjustments to the carrying value of these mortgages resulting from interest rate renewals are now amortised over the remaining original interest term, whereas previously the new interest term was used. ABN AMRO is of the opinion that the change in accounting policy enhances comparability with market participants and results in a more reliable representation, given that the term now used is the one to which the mortgage penalty interest relates. Changing the amortisation term resulted in increased amortisation of EUR 11 million as at 31 December 2016 and EUR 38 million as at 31 December 2017. For materiality reasons, the comparative figures have not been adjusted, thus resulting in a release of EUR 49 million in net interest income at year-end 2017.

Changes in accounting policies in 2017

During 2017 ABN AMRO adopted the following amendments to IFRS:

- IAS 7 (Statement of Cash Flows): Disclosure Initiative. The amendments of IAS 7 require enhanced disclosures about changes in liabilities arising from financing activities. By disclosing the information in note 26 Due to banks, note 27 Due to customers and note 28 Issued debt and subordinated liabilities, together with the audited information in the capital and funding disclosures in the Risk, funding & capital section of the Consolidated Annual Financial Statements ABN AMRO Group N.V., ABN AMRO complies with the enhanced disclosure requirements. This information should be read in conjunction with the financing activities in the cash flow statement, which shows, for example, the proceeds and repayment of issued debt and subordinated liabilities.
- IAS 12 (Income taxes): Recognition of Deferred Tax Assets for Unrealised losses. The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value. This amendment did not have any impact on ABN AMRO.
- Annual Improvements to IFRS Standards 2014-2016 Cycle IFRS 12: Disclosure of Interests in Other Entities provides clarifications to the scope of the standard which became effective on 1 January 2017.
- Annual Improvements to IFRS Standards 2014-2016 Cycle IFRS 1: First-Time adoption became effective on 1 January 2018 and had no significant impact on the Consolidated Annual Financial Statements ABN AMRO Group N.V.

- Annual Improvements to IFRS Standards 2014-2016 Cycle IAS 28: Investments in Associates and Joint Ventures, became effective on 1 January 2018 and had no significant impact on the Consolidated Annual Financial Statements ABN AMRO Group N.V.

Segmentation

ABN AMRO is currently organised into Retail Banking, Commercial Banking, Private Banking, Corporate & Institutional Banking and Group Functions. This segmentation was implemented by ABN AMRO during the course of 2017. The new management structure resulted in a slightly amended segment reporting structure. Prior to those changes ABN AMRO had four reporting segments (Retail Banking, Private Banking, Corporate Banking and Group Functions) with the Corporate Banking segment divided into three business lines (Commercial Clients, International Clients and Capital Markets Solutions). Under the new structure ABN AMRO has five reporting segments: Retail Banking, Commercial Banking (former Commercial Clients), Private Banking, Corporate & Institutional Banking (a combination of the former International Clients and Capital Market Solutions) and Group Functions.

The segment reporting is in accordance with IFRS 8 (Operating Segments). The segments are reported in a manner consistent with the internal reporting provided to the Executive Board, which is responsible for allocating resources and assessing performance and has been identified as the chief operating decision-maker. All transactions between segments are eliminated as inter-segment revenues and expenses in Group Functions.

Update on Segmentation for 2018

During the first half of 2018, ABN AMRO transferred the portfolio of small business clients with a turnover of up to EUR 1 million from the Retail Banking segment to the Commercial Banking segment. As a consequence, the segment reporting has also changed. Historical figures for 2018 and 2017 have been adjusted for comparison purposes. The transfer has no effect on the historical overall group results or financial position of the bank.

The financial results in the Section 4.4 "Results of operations for the years ended 31 December 2018 and 2017" are presented in accordance with this new structure.

4.2. Key Factors Affecting Results of Operations

Drivers of Profitability

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

Key drivers of operating income

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

Interest-based business

Interest-based revenue is the largest contributor to ABN AMRO's operating income generating 73% of total operating income in 2018 and 69% of total operating income in 2017. The Group earns interest (Interest income) on assets such as residential mortgages, consumer loans, commercial loans and other assets. The Group pays interest (Interest expense) on its liabilities to depositors and other creditors. Net interest income is the difference between interest income and interest expenses. In 2018, Retail Banking generated 47% of ABN AMRO's net interest income, Commercial Banking 24%, Private Banking 11%, and Corporate & Institutional Banking 18%. In 2017, Retail Banking generated 53% of ABN AMRO's net interest income, Commercial Banking 22%, Private Banking 10%, and Corporate & Institutional Banking 15%.

The Group's net interest income is driven by the combination of the proceeds of lending and the cost of funding (through deposits and wholesale funding). The asset side of the balance sheet is generally less sensitive to changes in interest rates compared to the liability side of the balance sheet. This is due to the fact that a

significant proportion of the assets have a longer term fixed interest and maturity whereas liabilities typically have a shorter term or no maturity and variable interest rates, and thus re-price quickly in reaction to a change in market interest rates. Interest increases will therefore initially have a negative effect on net interest income. The net interest income can be analysed by two components: the net interest income generated through business activities and the ALM mismatch result.

Net interest income from business activities comprises the business margin as well as capital 8 and indirect liquidity 9 costs. The business margin is defined as the margin the business makes on granting loans to or taking in deposits from clients as well as interest related fees, for example commitment fees charged on current accounts. The business margin should cover the required return on allocated equity and all remaining operational and risk costs borne by the business. To be able to determine the business margin, the related cost of funding is needed. ALM charges (in case of an asset) or compensates (in case of a liability) the cost of funds to the business, which is done through the funds transfer pricing ("FTP") methodology. The Group's policy is that interest rate risk and liquidity risk related to the interest-based business is managed centrally by ALM within Group Functions and that the business is responsible for the business margin. To enable ALM to manage these risks, the risks are transferred from the business to ALM by application of the FTP methodology. This means that these risks taken by the businesses need to be transferred to ALM in order to have a full overview of ABN AMRO's position. The FTP is comprised of an interest base rate (e.g. EURIBOR/LIBOR), based on the interest maturity of the transaction and a liquidity spread, based on the contractual or behavioural maturity of the transaction. Business segments either pay the FTP rate, for loans and other receivables, or receive the FTP rate, for deposits, to ALM. The mismatch in maturities between assets and liabilities is managed centrally by ALM and the resultant interest mismatch position is defined as the interest results recorded in ALM. Generally, the steering of the interest mismatch position is done via hedging transactions, with the aim to reduce the sensitivity of the net interest income to future interest rates moves. From time-to-time, ABN AMRO could anticipate future interest rate moves and may try to enhance its interest income by taking certain positions in the swap market, for example.

Fee and commission-based business

The secondary contributor to ABN AMRO's operating income is its fee and commission-based business generating 19% of total operating income in 2018 and 19% of total ABN AMRO's operating income in 2017. Fee and commission income can arise as compensation for services provided by ABN AMRO to its clients. This income can arise from transaction services, asset management services, payment services or other services. The profitability of fee and commission-based businesses depends on fees and commissions charged to the client for providing these services and the related fee and commission expenses incurred by ABN AMRO. In 2018, Commercial Banking generated 15% of ABN AMRO's net fee and commission income, Corporate & Institutional Banking 31%, Private Banking 30%, Retail Banking 21% and Group Functions 2%. In 2017, Commercial Banking generated 12% of ABN AMRO's net fee and commission income, Corporate & Institutional Banking 31%, Private Banking 33%, Retail Banking 23% and Group Functions 2%. Within ABN AMRO the main fee contributors are:

1. *Transaction fees on securities*

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

2. *Payment services fees*

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

⁸ Capital costs are costs incurred by ALM for maintaining capital buffers on top of equity. These costs are not part of the FTP and are charged lump sum by ALM to the business.

⁹ Indirect liquidity costs are costs incurred by ALM for maintaining a liquidity buffer. These costs are not part of the FTP and are charged lump sum by ALM to the business.

This type of fees arises mainly from Retail Banking and Corporate & Institutional Banking.

3. *Asset Management fees*

Asset Management fees arise mainly from discretionary portfolio management, where the client hands over all assets to be managed by ABN AMRO, and investment advisory, where ABN AMRO advises the client on how to manage his or her assets. The main contributor to asset management fees come from Private Banking:

- Discretionary portfolio management fees are generated from an all-in fee. An all-in fee means that no additional charges are levied on top of the fee paid for the investment services. The fee is a fixed percentage over the asset value. The percentage is based on the total asset value of the client and the risk profile of the client.
- Investment advisory fees arise from either an all-in fee or an advice fee. The main difference between all-in fee and advice fee is that transaction costs are included in the all-in fee and are charged separately as a transaction fee in the latter.

4. *Guarantees and commitment fees*

A guarantee given by ABN AMRO is mainly paid for by a one-off percentage of the guaranteed limit. A commitment fee is the pricing of the unutilized portion of a credit facility. These types of fees arise predominantly in Corporate & Institutional Banking.

Fees and commissions are impacted by economic developments in general (i.e., fewer payments and less guarantees fees as a result of lower economic activity) and the performance of securities markets in particular (lower number and volume of transactions resulting in less transaction and asset management fees). Transaction fees also benefit from volatility, even if markets go down.

Key drivers of operating expenses

Personnel expenses

Banking is a human capital-intensive business, as it is, for an important part, a relationship driven business with increasing compliance and risk management requirements. Therefore, Personnel expenses contribute significantly to ABN AMRO's expenses and amounted to 46% of the Group's operating expenses in 2018 and 46% of the Group's operating expenses in 2017. This means that ABN AMRO is dependent on conditions and trends in local labour markets, primarily the Dutch market. Personnel expenses comprise of all expenses related to personnel on the payroll of ABN AMRO and consists of fixed salary, employer social security charges, employee benefits (e.g. pension premiums, jubilee benefits) and variable remuneration. Expenses related to personnel not on ABN AMRO's payroll, such as external consultants and temporary staff, are included in general and administrative expenses.

The majority of the Group's personnel expenses consist of salaries and wages in addition to pension expenses.

General and administrative expenses

Financial services companies typically have relatively large fixed operating costs related to automated product and transaction systems, which bear little to no direct relationship with the business volume. This means that an increase in the business volume may not be fully translated into expense growth, and vice versa. Expense savings mainly comes from the periodic improvement of the efficiency of administrative processes and systems.

The majority of General and administrative expenses relate to information technology followed by agency staff, contractors and consultancy costs. General and administrative expenses amounted to 54% of the ABN AMRO's operating expenses in 2018 and 49% of the ABN AMRO's operating expenses in 2017.

Regulatory charges have increased significantly in the period under review and are expected to increase further. Regulatory charges are all expenses directly charged by regulatory or supervisory institutions to ABN AMRO (see also "*Key Factors Affecting Financial Condition and Results of Operations*" and "*Regulatory Developments*" below). Regulatory charges mainly comprise of:

Bank tax

Following the 2008 financial crisis, several countries introduced additional charges to the financial services industry. These charges are commonly known as bank taxes. Bank taxes are paid to local tax authorities. The amount of Dutch bank tax to be paid is based upon the preceding December adjusted IFRS consolidated balance sheet total of ABN AMRO. In addition to the Dutch Bank tax, ABN AMRO is liable to bank taxes in several other jurisdictions.

As from 2015 and beyond, the following additional regulatory charges are charged to ABN AMRO:

Deposit Guarantee Scheme

As of 1 July 2015, banks gathering guaranteed deposits under a Dutch banking license are required by law to fund the Dutch Deposit Guarantee Scheme. The contributions are based on the level of deposits guaranteed and the risk profile of ABN AMRO, as determined by the regulator. The contribution of ABN AMRO to the Dutch Deposit Guarantee Scheme have to be paid quarterly. ABN AMRO is also subject to several deposit guarantee schemes outside the Netherlands. For countries other than the Netherlands, the contributions and terms and conditions can differ from the Dutch Deposit Guarantee Scheme.

National Resolution Fund and Single Resolution Fund

ABN AMRO has made contributions to the National Resolution Funds in 2015, 2016, 2017 and 2018 and has made contributions to the Single Resolution Fund as of 1 January 2016. For further information, please see "*Risk Factors - Proposals for resolution regimes may lead to fewer assets of the Issuer being available to investors for recourse for their claims, and may lead to lower credit ratings and possibly higher cost of funding.*" and "*Issuer – 1. ABN AMRO BANK N.V. – 1.8 Regulation*". Major changes in laws and regulations and in their interpretation could materially and adversely affect the Group's business, business model, financial condition, results of operations and prospects.

The terms and conditions for the contributions to the Funds as mentioned above can vary in different countries or regions.

European Central Bank

As of 4 November 2014, the European Central Bank assumed supervisory oversight of ABN AMRO in a joint supervisory team with the Dutch Central Bank. Since 2015 onwards, ABN AMRO has been required to pay a yearly contribution for this supervision. In addition to the abovementioned regulatory charges, ABN AMRO has seen an increase of costs related to implementation and compliance with new regulations.

Sale of Private Banking Asia

In the second quarter of 2017, ABN AMRO concluded the sale of the Private Banking business in Asia (the Private Banking Asia divestment). The total gross sale proceeds amounted to EUR 263 million (tax-exempt), recorded as other operating income. Costs related to the sale were EUR 21 million in personnel expenses and EUR 35 million in other expenses (both tax-exempt).

Other Key drivers of impairment charges on loans and other receivables

The ABN AMRO's results of operations are also affected by the level of impairment charges on loans and other receivables. These impairment charges result from changes in the quality of assets. The quality of assets is impacted by the economic developments in general and the housing market in particular, as the mortgage portfolio counts for more than 55% of ABN AMRO's loan book (as defined by total loans and advances - customers) for the year ended 31 December 2018. Impairment charges on loans and other receivables are closely related to the interest-based business, as it is based on credit risk and compensation for credit risk is charged to the client as part of the business margin on interest-earning assets.

Economic developments

The Group's business and performance, including its results of operations, are affected by Dutch, European and global economic and market conditions and future economic prospects, particularly in the Netherlands in which ABN AMRO's operating income is predominantly generated (82% for the year ended 31 December 2018).

The Group's operations are also affected by the developments in the Dutch housing and mortgage market with 39% of total assets of ABN AMRO for the year ended 31 December 2018 consisting of residential mortgages. The economic environment remained relatively favourable in 2018. The key countries in which ABN AMRO operates – Belgium, France, Germany, the United States and the Netherlands – all experienced continued growth. Once again, ABN AMRO's home market outperformed its European counterparts as the Dutch economy expanded by 2.5%.

Continued broad-based growth

The increase in activity in the Netherlands was broadbased, with household consumption, government spending, investments and exports all contributing to growth. Consumption advanced on the back of a positive labour market and developments in the housing market. The number of jobs rose, while unemployment fell to a historic low. Although the government decided to increase spending, supply constraints meant it was unable to meet all its intended expenditure commitments. Businesses experienced strong demand, and a lack of production capacity induced them to step up investments. Meanwhile, housing investments started to flatten after years of acceleration. The external sector benefited from relatively high growth in world trade on the back of strong international demand.

Global trade under pressure

Various signs point to global expansion having reached its peak in 2018, with the clearest sign of a slowdown being the persistent fall in confidence indicators. During the year, growth in world trade, industrial production and global GDP all weakened. This was partly for cyclical reasons as pent-up demand waned and the inventory cycle started running out of steam. In addition, inflation rose in response to higher energy prices and held back the increase in consumer purchasing power. The threat of protectionism also contributed to the declining confidence, while the political uncertainty created by Brexit and concerns about the Italian budget impacted sentiment. Business surveys meanwhile showed a substantial drop in export orders. Moreover, restrictive measures by Chinese policymakers aimed at deleveraging the economy reduced GDP growth in China, while the rate hikes and shortening of the balance sheet by the US Federal Reserve also resulted in tighter financial conditions in many other countries.

ECB preparing for QE withdrawal

On the back of higher commodity prices, headline inflation rose towards the ECB's 2% target, while core inflation, which disregards volatile price components, remained much lower. Technological change, growing international competition and a more flexible labour market continued to hold back price rises. However, the ECB repeatedly stated that it expects core inflation to rise, with ongoing economic growth and a further improvement in the labour market propping up the pressure on prices. Given this prospect, the ECB is gradually reducing the degree of policy accommodation. Its first step was to reduce its monthly asset purchases, while the second step was to announce plans to cease purchases completely by the end of 2018 and then raise the deposit rate. Credit spreads materially widened in 2018, and once market participants start pricing in higher official rates, bond yields will gradually drift upwards.

Rapidly rising house prices

After reaching a historic high in 2017, Dutch housing transaction volume started declining in 2018. While the deceleration was initially confined to the Randstad conurbation, it later also became visible in other parts of the country. The decline was primarily caused by a lack of properties for sale. In response to this shortage, but also because of strong economic growth, the favourable labour market, low mortgage interest rates and demand from buy-to-let investors, nominal house prices rose beyond their pre-crisis levels. However, regional

differences are substantial. Moreover, the construction of new homes is continuing to fall well short of demand. Dutch housebuilders' slow response to market changes is a long-standing problem, which the government is trying to address. The problem will however take a long time to resolve, given the limited number of building permits. The fact that buyers are struggling to find suitable homes is taking its toll on sentiment in the housing market, which is still positive, albeit less buoyant than before.

Marginal growth in lending

Despite the decline in housing transactions in 2018, mortgage production in the Netherlands continued to increase. A large share of mortgage production was attributable to refinancing by homeowners seeking to lock into low mortgage interest rates. At the same time, many other people redeemed all or part of their mortgage to reduce debt. As a result, the total amount of outstanding mortgage debt rose only moderately, and even shrank as a percentage of GDP. Due to the sharp increase in house prices and the rise in redemptions, the number of households in negative equity declined substantially during the 2018. Lending to non-financial businesses continued to decline, albeit less rapidly than before. Instead of using banks, businesses are now increasingly relying on internal funds, equity and corporate bonds to finance their investments. The low interest rate environment is inducing investors to explore a wider realm of investment opportunities and increasingly to flock to corporate bonds. As a result, direct financing options have become more accessible, particularly for larger businesses.

Weaker growth outlook

ABN AMRO expects the recent US growth momentum to wane, mainly driven by the slowdown in investments, which have been very strong in the past two years. While US government spending is expected to pick up some of the slack, this is expected to come to an end in 2019. Although the rivalry between the US and China is likely to persist, ABN AMRO does not expect China to experience a hard landing as the government is taking offsetting measures to ensure the country's economic slowdown is of a more gradual nature. Weakened confidence and less supportive financial conditions is expected to affect activity in the eurozone. However, the European economy still has some slack. Since the upward effect of oil prices is expected to be only temporary, the rise in inflation is likely to be slow. The overall contribution of external demand is expected to become less supportive for the Netherlands, although domestic spending is expected to continue to grow robustly. Dutch GDP growth is expected to also receive a boost from the increase in public spending that was agreed in the Dutch Coalition Agreement. As capacity constraints meant the government had to postpone some of its intended spending in 2018, some of the positive effects of this on GDP growth is expected to roll over to 2019.

Regulatory developments

Regulatory developments in Europe and the Netherlands have also had an impact on ABN AMRO's financial results and are expected to continue to affect the results of ABN AMRO in the near future. For further information on ABN AMRO's regulatory environment and a number of specific regulatory initiatives and frameworks that can have a significant impact on ABN AMRO's business, financial condition and results of operations, please see "*Issuer – 1. ABN AMRO BANK N.V. – 1.8 Regulation*".

4.3 Explanation of key income statement items

Operating income

Operating income includes net interest income, net fee and commission income and other operating income.

Net interest income

Interest income and expenses are recognised in the income statement on an accrual basis for all financial instruments using the effective interest rate method except for those financial instruments measured at FVTPL. The effective interest rate method allocates interest, amortisation of any discount or premium or other differences, including transaction costs and qualifying fees and commissions, over the expected lives of the

assets and liabilities. The effective interest rate is the rate that discounts estimated future cash flows to the net carrying amount of the asset. As a result, this method requires ABN AMRO to estimate future cash flows, in some cases based on its experience of customer behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities. Interest income and expenses on loans and advances measured at FVTPL is also included in net interest income and is recognised on an accrual basis by using the applicable contractual interest rates. Due to the significant number of products, there are no individual products that are material to the bank's results or financial position. Interest income and expenses of trading balances are included in net trading income. Interest paid on assets with a negative interest yield is classified as interest expense. Interest received from liabilities with a negative interest yield is classified as interest income.

Net fee and commission income

ABN AMRO applies IFRS 15 when recognising revenue from contracts with customers, all of which is included in net fee and commission income. After identifying contracts and their performance obligations, revenue is recognised as an amount that reflects the consideration to which the bank expects to be entitled to receive in exchange for transferring promised goods or services to customers. The transaction price is allocated to each performance obligation. Revenue is recognised when a promised good or service is transferred to the customer, either at a point in time (the fee is a reward for a service provided at one moment in time) or over time (the fee relates to services on an ongoing basis). Revenue is measured at the fair value of the consideration received, taking into account discounts and rebates. The amount of revenue recognised is discounted to the present value of consideration due, if payment extends beyond normal credit terms.

Other operating income

Other operating income comprises net trading income, results from financial transactions, share of result in equity accounted investments and other income. Withholding taxes are included in income tax if these taxes are payable by a subsidiary, associate or joint arrangement on distributions to ABN AMRO.

Net trading income

In accordance with IFRS 9, trading positions are held at fair value and net trading income includes gains and losses arising from changes in the fair value of financial assets and liabilities which are trading financial assets and liabilities, interest income and expenses related to trading financial assets and liabilities, dividends received from trading instruments and related funding costs. Dividend income from trading instruments is recognised when entitlement is established. Net trading income also includes changes in fair value arising from changes in counterparty credit spreads and changes in own credit spreads where these impact the value of our trading liabilities. The funding value adjustment incorporates the incremental cost of funding into the valuation of uncollateralised and partly collateralised derivatives.

Share of result in equity accounted investments

Share of result in equity accounted investments comprises ABN AMRO's share of the profit or loss of equity accounted investments.

Other income

Other income includes all other banking activities such as leasing activities and results on the disposal of assets. It also includes the change in fair value of derivatives used for risk management purposes that do not meet the requirements of IFRS 9 for hedge accounting, ineffectiveness of hedging programmes, fair value changes relating to assets and liabilities designated at FVTPL, and changes in the value of derivatives related to such instruments. Dividend income from non-trading equity investments is recognised when entitlement is established.

Operating expenses

Operating expenses include personnel expenses, general and administrative expenses and depreciation and amortization of tangible and intangible assets.

Personnel expenses

Salaries and wages, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate.

Other expenses

Other expenses comprises general and administrative expenses and depreciation and amortisation of tangible and intangible assets. General and administrative expenses includes, among other items, agency staff, contractors, consultancy, staff related, IT, housing, post, telephone, transportation and marketing costs. Regulatory charges, including Dutch bank tax is also included in general and administrative expenses. Depreciation and amortization of tangible and intangible assets includes depreciation on tangible assets, amortisation of intangible assets and impairment losses on tangible and intangible assets.

Operating result

Result from operating activities, defined as the net result of operating income and operating expenses.

Impairment charges on loans and other receivables

Since 1 January 2018, ABN AMRO has recognised loss allowances based on the ECL model of IFRS 9, which is designed to be forward-looking. The IFRS 9 impairment requirements are applicable to financial assets measured at amortised cost or FVOCI, loan commitments and financial guarantee contracts.

The amount of ECL allowances is based on the probability-weighted present value of all expected cash shortfalls over the remaining life of the financial instrument for both on- and off-balance sheet exposures. ABN AMRO makes a distinction between the two types of calculation methods for credit loss allowances as described below:

- Individual LECL for credit-impaired (stage 3) financial instruments with exposures above EUR 3 million. For more information regarding the calculation method, please see "*Risk, funding & capital – Risk & capital management – Credit risk management*" in the Annual Report 2018; and
- Collective 12-month ECL (stage 1) and LECL for (stage 2 and 3) financial instruments that have similar credit risk characteristics (e.g. residential mortgages, consumer loans, SME loans) are clustered in portfolios and collectively assessed for impairment losses. A collective impairment calculation approach based on individual parameters is also applied for exposures below EUR 3 million. ABN AMRO has introduced new models to quantify the Probability of Loss, Loss Given Loss and Exposure at Loss for calculating the collective 12-month ECL and LECL for these financial instruments. Whereas the credit loss allowance for these assets is collectively determined, the stage for each individual financial instrument is separately determined.

Impairment losses on property and equipment, goodwill and other intangible assets, are not included under impairment charges but recognised in the income statement as depreciation and amortisation expense. For more information regarding impairment charges, please see "*Risk, funding & capital – Risk & capital management – Credit risk management*" in the Annual Report 2018.

Operating profit/(loss) before taxation

The profit or loss before tax is defined as the operating result less impairment charges on loans and other receivables.

Income tax expense

ABN AMRO is subject to income taxes in numerous jurisdictions. Income tax expense consists of current and deferred tax. Income tax is recognised in the income statement in the period in which profits arise.

Profit/(loss) for the period

Profit or loss for the period is defined as the profit or loss before tax less income tax expenses or credit.

4.4 Results of operations for the years ended 31 December 2018 and 2017

Selected consolidated Financial Information

The table below summarizes ABN AMRO's results of operations for the years ended 31 December 2018 and 31 December 2017.

	Year ended 31 December	
	2018	2017
	<i>(in millions of euros)</i>	
Net interest income	6,593	6,456
Net fee and commission income	1,699	1,747
Other operating income	800	1,086
<i>Operating income</i>	9,093	9,290
Personnel expenses	2,441	2,590
Other expenses	2,910	2,991
Operating expenses	5,351	5,582
Operating result	3,742	3,708
Impairment charges on loans and other receivables	655	-63
Operating profit/(loss) before taxation	3,086	3,771
Income tax expense	762	979
Net profit/(loss) for the period	2,325	2,791
<i>Attributable to:</i>		
Owners of the parent company	2,207	2,721
Holders of AT1 capital securities	79	53
Other non-controlling interests	39	18
	Year ended 31 December	
	2018	2017
Net interest margin (NIM) (in bps)	165	157
Cost/income ratio	58.8%	60.1%
Cost of risk (in bps)	24	-2
Return on average Equity ⁽¹⁾	11.4%	14.5%
Earnings per share (in EUR) ⁽²⁾	2.35	2.89
Dividend per share	1.45 ⁽³⁾	1.45

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2017</u>
Client Assets ⁽⁴⁾ (in billions).....	285	307
FTEs.....	18,830	19,954

⁽¹⁾ Profit for the period excluding reserved coupons for AT1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.

⁽²⁾ Profit for the period excluding reserved coupons for AT1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

⁽³⁾ Dividend per share subject to approval of the annual general meeting in May 2019.

⁽⁴⁾ Client Assets consist of assets including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of maximising the investment result. Clients Assets also include cash and securities of clients held on accounts with ABN AMRO.

Net profit/(loss) for the period

Net profit decreased by EUR 466 million to EUR 2,325 million in 2018 (2017: EUR 2,791 million). The decrease of EUR 466 million compared with full-year 2017 was mainly attributable to the proceeds, recorded in 2017, of the Private Banking Asia divestment and the effect of model refinements driving impairment releases. Excluding the Private Banking Asia divestment and the effect of model refinements driving impairment releases, the operating result improved because of net interest income being boosted by corporate loan growth backed by resilient margins and the lower cost levels that resulted from restructuring measures. Return on equity (ROE) for 2018 decreased to 11.4% (2017: 14.5%). The ROE for 2018 would be 13.4% if adjusted for the Private Banking Asia divestment.

Operating income

Operating income decreased by EUR 197 million to EUR 9,093 million in 2018 (2017: EUR 9,290 million). The decrease was mainly caused by the decrease of EUR 286 million in other operating operating income as compared to 2017.

Net interest income

Net interest income increased by EUR 137 million to EUR 6,593 in 2018 (2017: EUR 6,456 million) on the back of corporate loan growth and higher mortgage penalties. Interest income on residential mortgages remained stable as average volumes and margins were broadly flat despite intensifying competition. Interest income on consumer loans was down, due to a combination of lower volumes and margins.

Net fee and commission income

Net fee and commission income decreased by EUR 48 million to EUR 1,699 million in 2018 (2017: EUR 1,747 million). A third of this decrease was attributable to the Private Banking Asia divestment as the figures for 2017 included four months of fee contributions from this business. The remainder was primarily attributable to Private Banking as financial markets were more favourable in 2017. The decrease was partly offset, however, by higher fees charged for Retail Banking payment packages and by higher fees in the Clearing business following greater market volatility in 2018.

Other operating income

Other operating income decreased by EUR 286 million to EUR 800 million in 2018 (2017: EUR 1,086 million). Excluding the Private Banking Asia divestment and one-off or outside the ordinary course of business expenses recorded in both years, other operating income decreased due to lower hedge accounting-related income, including the effects of the partial sale of the Public Sector Loan portfolio (EUR 79 million versus

EUR 181 million in 2017), adverse results for CVA/DVA/FVA¹⁰ (EUR 3 million negative versus EUR 75 million in 2017) and a less favourable equity stake revaluation in 2018 (mainly in the Commercial Banking segment). This decrease was largely offset by better results for equity participations (2018: EUR 274 million; 2017: EUR 114 million).

Personnel expenses

Personnel expenses decreased by EUR 149 million to EUR 2,441 million in 2018 (2017: EUR 2,590 million). Part of this decrease was attributable to lower restructuring provisions in 2018 (EUR 129 million versus EUR 156 million in 2017). If adjusted for restructuring provisions, personnel expenses are on a declining trend. This reflects the lower FTE levels resulting from the continued progress being achieved by cost-saving programmes. However, this progress was partly offset in 2018 by wage inflation as the new collective labour agreement provided for a 2% increase in salaries from 1 January 2018 and for a one-off payment of EUR 16 million in 2018.

Other expenses

Other expenses decreased by EUR 81 million to EUR 2,910 million in 2018 (2017: EUR 2,991 million). This decrease was largely driven by the result of cost saving programmes and a reduction in one-off or outside the ordinary course of business expenses. The effects of these cost-saving programmes were partly offset, however, by higher costs incurred for the external staff hired to increase our short-term capacity for regulatory projects. Regulatory levies increased by EUR 36 million to EUR 336 million, mainly due to a higher single resolution fund contribution.

Operating expenses

Operating expenses decreased to EUR 5,351 million in 2018 (2017: EUR 5,582 million). This was largely driven by a decrease of EUR 149 million in personnel expenses as compared to 2017.

Operating result

Operating result increased by EUR 34 million to EUR 3,742 million in 2018 (2017: EUR 3,708 million). The increase is caused mainly by an increase in net interest income and a decrease in personnel expenses.

Impairment charges on loans and other advances

Impairment charges increased to a EUR 655 million charge in 2018 (2017: EUR 63 million release). Despite the continued favourable trend in overall credit quality and the positive macroeconomic environment, impairment charges rose in 2018 mainly in Corporate & Institutional Banking and Commercial Banking, reflecting additional impairment charges in Energy (mainly offshore), Shipping, Commodities, Diamonds and Healthcare industry. Impairment releases in 2017 benefitted from model refinements and update. The cost of risk amounted to 24 bps in 2018, which was below the through-the-cycle level of 25-30bps.

Income tax expenses

Income tax expenses amounted to EUR 762 million in 2018 (2017: 979 million). The decrease was due to a lower operating profit.

¹⁰ CVA = credit value adjustment refers to an adjustment made on the valuation of an OTC derivative transaction in order to properly reflect the credit risk of the derivative counter party.

DVA = debt value adjustment related to how a company handles changes in fixed income securities it has issued, if the debt decreases in price on the market this can be interpreted as a decrease in liabilities and can be therefore be reported as a profit.

FVA = funding value adjustment the funding cost/benefits resulting from borrowing or lending the shortfall/excess of cash arising from day-to-day derivatives business operations.

Selected Consolidated Balance Sheet Movements

	As at 31 December	
	2018	2017
	<i>(in millions of euros)</i>	
Assets:		
Cash and balances at central banks	34,371	29,783
Financial assets held for trading	495	1,600
Derivatives	6,191	9,825
Financial investments	42,184	40,964
Securities financing ⁽¹⁾	12,375	15,686
Loans and advances – banks	8,124	10,665
Loans and advances – customers	270,886	274,906
Other ⁽¹⁾	6,668	9,743
Total assets	381,295	393,171
Liabilities:		
Financial liabilities held for trading	253	1,082
Derivatives	7,159	8,367
Securities financing ⁽¹⁾	7,407	11,412
Due to banks	13,437	16,462
Due to customers	236,123	236,699
Issued debt	80,784	76,612
Subordinated liabilities	9,805	9,720
Other ⁽²⁾	4,968	11,488
<i>Total liabilities</i>	359,935	371,841
Equity:		
Equity attributable to owners of the parent company	19,349	19,303
AT1 capital securities	2,008	2,007
Equity attributable to non-controlling interests	2	20
<i>Total equity</i>	21,360	21,330
Total liabilities and equity	381,295	393,171
Committed credit facilities	61,166	55,295
Guarantees and other commitments	15,241	16,165

⁽¹⁾ Securities financing consists of securities borrowing and lending and sale and repurchase transactions.

⁽²⁾ ABN AMRO classified all unsettled securities as other assets and other liabilities. Previously these were included in Securities financing.

Comparative figures for 2017 have been adjusted.

Total assets

Total assets decreased by EUR 11.9 billion to EUR 381.3 billion at 31 December 2018 (31 December 2017: EUR 393.2 billion). The decline was largely driven by lower loans and advances to banks and customers, securities financing and derivatives.

Cash and balances at central banks

Cash and balances at central banks increased by EUR 4.6 billion to EUR 34.4 billion at 31 December 2018 (31 December 2017: EUR 29.8 billion).

Financial assets held for trading

Financial assets held for trading decreased by EUR 1.1 billion to EUR 0.5 billion at 31 December 2018 (31 December 2017: EUR 1.6 billion). The decrease was mainly driven by a decrease in government bonds.

Derivative assets

Derivatives decreased by EUR 3.6 billion to EUR 6.2 billion at 31 December 2018 (31 December 2017: EUR 9.8 billion) as a result of mid- to long term interest and foreign exchange rate movements impacting the valuation of derivatives and also mirrored in derivative liabilities.

Financial investments

Financial investments increased by EUR 1.2 billion to EUR 42.2 billion at 31 December 2018 (31 December 2017: EUR 41.0 billion). The increase was mainly driven by USD investments.

Securities financing

Securities financing decreased by EUR 3.3 billion to EUR 12.4 billion at 31 December 2018 (31 December 2017: EUR 15.7 billion). The decrease was mainly due to a decline in repurchase agreements and reverse repurchase agreements with several large clients.

Loans and advances – banks

Loans and advances – banks decreased by EUR 2.6 billion to EUR 8.1 billion at 31 December 2018 (31 December 2017: EUR 10.7 billion). The decrease was mainly driven by a decrease in interest-bearing deposits.

Loans and advances – customers

Loans and advances – customers decreased by EUR 4.0 billion to EUR 270.9 billion at 31 December 2018 (31 December 2017: EUR 274.9 billion). Loans to professional counterparties decreased by EUR 8.2 billion mainly in Global Markets and Clearing. Residential mortgages decreased by EUR 1.8 billion, largely due to lower origination as a result of maintaining pricing discipline in a competitive environment. Consumer loans remained broadly stable, whereas corporate loans increased by EUR 5.8 billion. The growth of EUR 1.8 billion in Commercial Banking was reflected across all sectors on the back of the strong Dutch economy. Corporate & Institutional Banking client loans increased by EUR 3.7 billion (including EUR 1.2 billion attributable to the impact of the USD appreciation), mainly in Corporates NL and Natural Resources and partly offset by the decline in Trade and Commodity Finance, including diamonds. The rate of growth slowed down in 2018 following Corporate & Institutional Banking refocus, which is expected to gradually impact volumes throughout 2020.

Other assets

Other assets decreased by EUR 3.0 billion to EUR 6.7 billion at 31 December 2018 (31 December 2017: EUR 9.7 billion). The decrease was mainly driven by a decrease in assets held for sale as a result of the sale of ABN AMRO Bank Luxembourg S.A. and its subsidiary ABN AMRO Bank Life S.A.

Loans and advances – customers

	As at 31 December	
	2018	2017
	<i>(in millions of euros)</i>	
Residential mortgages	148,791	150,562
Consumer loans	12,263	12,426
Corporate loans to clients ⁽¹⁾	91,265	85,455
<i>Of which: Commercial Banking</i>	41,753	39,150
<i>Of which: Corporate & Institutional Banking</i>	42,521	38,814
<i>Total client loans</i> ⁽²⁾	252,319	248,443
Loans to professional counterparties ⁽³⁾	17,642	25,224
<i>Total loans and advances</i> ⁽²⁾	273,146	273,666
Fair value adjustments from hedge accounting	3,185	3,700
Less: loan impairment allowance	2,260	2,460
Total loans and advances – customers	270,886	274,906

⁽¹⁾ Corporate loans excluding loans to professional counterparties

⁽²⁾ Gross carrying amount excluding fair value adjustment from hedge accounting.

⁽³⁾ Loans to professional counterparties consists of loans and advances to professional, government, official institutions and financial markets parties.

Total liabilities

Total liabilities decreased by EUR 11.9 billion to EUR 359.9 billion at 31 December 2018 (31 December 2017: EUR 371.8 billion). The decrease was mainly due to lower securities financing liabilities, due to banks and other liabilities.

Financial liabilities held for trading

Financial liabilities held for trading decreased by EUR 0.8 billion to EUR 0.3 billion at 31 December 2018 (31 December 2017: EUR 1.1 billion). The decrease was mainly due to lower short positions in bonds.

Derivative liabilities

Derivatives decreased by EUR 1.2 billion to EUR 7.2 billion at 31 December 2018 (31 December 2017: EUR 8.4 billion). The decrease was mainly due to mid- to long term interest and foreign exchange rate movements impacting the valuation of derivatives and also mirrored in derivative liabilities.

Securities financing

Securities financing decreased by EUR 4.0 billion to EUR 7.4 billion at 31 December 2018 (31 December 2017: EUR 11.4 billion). The decrease was mainly due to a decline in repurchase agreements and reverse repurchase agreements with several large clients.

Due to banks

Due to banks decreased by EUR 3.1 billion to EUR 13.4 billion at 31 December 2018 (31 December 2017:

EUR 16.5 billion). The decrease was mainly due to more active balance sheet management.

Due to customers

Due to customers decreased by EUR 0.7 billion to EUR 236.0 billion at 31 December 2018 (31 December 2017: EUR 236.7 billion). The decrease was due to better balance sheet management. The decreases in Corporate & Institutional Banking and Retail Banking were partly offset by increases in Commercial Banking and Private Banking.

Due to customers

	<u>As at 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<i>(in millions of euros)</i>	
Retail Banking	93,482	94,320
Commercial Banking	44,958	44,190
Private Banking.....	66,156	65,031
Corporate & Institutional Banking	28,018	30,273
Group Functions.....	3,509	2,886
Total Due to customers	<u>236,123</u>	<u>236,699</u>

Issued debt

Issued debt securities increased by EUR 4.2 billion to EUR 80.8 billion at 31 December 2018 (31 December 2017: EUR 76.6 billion). The increase was mainly due to higher long term funding.

Subordinated liabilities

Subordinated liabilities decreased by EUR 0.1 billion to EUR 9.8 billion at 31 December 2018 (31 December 2017: EUR 9.7 billion).

Other liabilities

Other liabilities decreased by EUR 6.5 billion to EUR 5.0 billion at 31 December 2018 (31 December 2017: EUR 11.5 billion). The decrease was mainly due to a decline in unsettled securities transactions and lower sundry liabilities and other payables.

Total equity

Total equity increased by EUR 0.1 billion to EUR 21.4 billion at 31 December 2018 (31 December 2017: EUR 21.3 billion) mainly due to the inclusion of profit for the period which was offset by a decline in other comprehensive income.

Results of Operations by Segment for the Years Ended 31 December 2018 and 2017

The sections below summarises ABN AMRO's results of operations by segment for the years ended 31 December 2018 and 31 December 2017.

Retail Banking

Retail Banking provides banking products and services to individuals. In addition, a wide variety of banking and insurance products and services are provided through ABN AMRO's branch network, online, via contact centres and through subsidiaries. ABN AMRO HypothekenGroep, Alfam, ICS and Moneyou are part of Retail Banking.

The table below summarises the Retail Banking segment's results for the years ended 31 December 2018 and

31 December 2017.

Retail Banking: Selected Financial Information

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<i>(in millions of euros)</i>	
Net interest income	3,122	3,233
Net fee and commission income	365	338
Other operating income.....	<u>31</u>	<u>150</u>
<i>Operating income</i>	3,517	3,721
Personnel expenses	442	473
Other expenses	<u>1,586</u>	<u>1,566</u>
Operating expenses	<u>2,028</u>	<u>2,040</u>
Operating result	1,489	1,682
Impairment charges on loans and other receivables	<u>-12</u>	<u>-101</u>
Operating profit/(loss) before taxation	1,501	1,783
Income tax expense.....	<u>375</u>	<u>454</u>
Net profit/(loss) for the period	<u>1,126</u>	<u>1,329</u>
	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2017</u>
Cost/income ratio.....	57.7%	54.8%
Cost of risk (in bps) ⁽¹⁾	-1	-6

⁽¹⁾ Cost of risk is equal to annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2017</u>
Loan-to-Deposit ratio.....	165%	166%
Loans and advances – customers (in billions)	154.5	156.3
<i>Of which Client loans (in billions)</i>	154.8	156.7
Due to customers (in billions).....	93.5	94.3

	Year ended 31 December	
	2018	2017
Risk-weighted assets (risk exposure amount; in billions).....	27.6	27.6
FTEs.....	4,445	5,060
Total Client Assets.....	103.5	106.4
<i>Of which Cash</i>	93.5	94.3
<i>Of which Securities</i>	10.1	12.1

Net profit/(loss) for the period

Retail Banking's net profit decreased by 15% to EUR 1,126 million in 2018 (2017: EUR 1,329 million). This was driven by lower impairment releases and lower operating income as compared to 2017.

Net interest income

Net interest income decreased by 3% to EUR 3,122 million in 2018 (2017: EUR 3,233 million). The decrease was mainly attributable to the combined impact (of approximately EUR 60 million) of the model update for non-maturing deposits and the reallocation of net interest income from Group Functions. Interest income from residential mortgages remained stable as the lower average volume was offset by the slight improvement in margins that resulted from good pricing discipline in a highly competitive market. Interest income on consumer loans declined as a result of lower average volumes and margins. Deposit income continued to be impacted by ongoing margin pressure in the low interest rate environment

Net fee and commission income

Net fee and commission income decreased by EUR 27 million to EUR 365 million in 2018 (2017: EUR 338 million). This increase was due to the increase in payment package fees in 2018.

Other operating income

Other operating income decreased by EUR 119 million to EUR 31 million in 2018 (2017: EUR 150 million) as the figure for 2017 included a book gain of EUR 114 million following the sale of the remaining equity stake in Visa Inc.

Personnel expenses

Personnel expenses decreased by EUR 31 million in 2018 to EUR 442 million in 2018 (2017: EUR 473 million). This was mainly due to lower restructuring costs in 2018 (EUR 5 million versus EUR 24 million in 2017) and declining FTE levels. The decrease in the latter was partly offset, however, by the new collective labour agreement, which resulted in salary increases of 2% and a one-off payment of EUR 1,000 per employee. The decrease in the number of FTEs by 615 to 4,445 as at 31 December 2018 as a result of digitalisation and cost-saving programmes is also reflected in a further reduction in the number of branches.

Other expenses

Other expenses increased by EUR 20 million to EUR 1,586 million in 2018 (2017: EUR 1,566 million), mainly due to the provision of EUR 30 million recorded in ICS for additional costs to accelerate customer due diligence remediation programmes and to higher regulatory levies (EUR 169 million in 2018, compared with EUR 155 million in 2017). The increase was partly offset by lower cost allocations from Group Functions.

Operating expenses

Operating expenses decreased by EUR 12 million to EUR 2,028 million in 2018 (2017: EUR 2,040 million). The decrease in operating expenses was largely driven by a decrease in personnel expenses.

Operating result

The operating result declined by 11.4% to EUR 1,489 million in 2018 (2017: EUR 1,682 million). The decrease in operating result was largely driven by a decrease in net interest income. The cost/income ratio increased by

2.9% (57.7% in 2018 compared to 54.8% in 2017).

Impairment charges

Impairment charges decreased to a EUR 12 million release in 2018 (2017: EUR 101 million release). The impairment charges in 2017 benefited both from favourable model updates and from additional IBNI releases of EUR 60 million.

Income tax expense

Income tax expense decreased by EUR 79 million to EUR 375 million in 2018 (2017: EUR 454 million). The decrease in income tax expense was largely driven by a lower operating profit.

Loans and advances – customers

Loans and advances - customers decreased by EUR 1.8 billion to EUR 154.5 billion at 31 December 2018 (31 December 2017: EUR 156.3 billion). The decrease was driven by lower residential mortgage and consumer portfolios.

Due to customers

Total client assets decreased by EUR 0.8 billion to EUR 93.5 billion at 31 December 2018 (31 December 2017: EUR 94.3 billion).

Commercial Banking

Commercial Banking serves business clients with an annual turnover between EUR 1 million EUR 250 million, clients active in Commercial Real Estate (excluding publicly listed companies, which are served by Corporate & Institutional Banking) and small businesses. Our Asset Based Finance activities are included in Commercial Banking.

The table below summarises the Commercial Banking segment's results for the years ended 31 December 2018 and 31 December 2017.

Commercial Banking: Selected Financial Information

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<i>(in millions of euros)</i>	
Net interest income	1,602	1,628
Net fee and commission income	258	270
Other operating income.....	<u>39</u>	<u>63</u>
<i>Operating income</i>	1,899	1,961
Personnel expenses	335	328
Other expenses	<u>711</u>	<u>664</u>
Operating expenses	<u>1,046</u>	<u>991</u>
Operating result	853	969
Impairment charges on loans and other receivables	<u>253</u>	<u>- 179</u>
Operating profit/(loss) before taxation	600	1,148

	Year ended 31 December	
	2018	2017
	<i>(in millions of euros)</i>	
Income tax expense.....	153	288
Net profit/(loss) for the period.....	448	860

	Year ended 31 December	
	2018	2017
Cost/income ratio (in %).....	55.1%	50.6%
Cost of risk (in bps) ⁽¹⁾	60	- 44

⁽¹⁾ Cost of risk is equal to annualised impairment charges on loans and advances customers for the period divided by the average loans and advances customers (excluding at fair value through P&L) on the basis of gross carrying amount and excluding the fair value adjustments from hedge accounting.

	As at 31 December	
	2018	2017
Loan-to-Deposit ratio (in %).....	93%	91%
Loans and advances customers – customer (in billion).....	41.6	40.1
<i>Of which Client loans (in billion).....</i>	42.3	40.5
Due to customers (in billion).....	45.0	44.2
Risk weighted assets (risk exposure amount; in billion).....	27.3	24.9
FTEs.....	2,734	2,905

Net profit/(loss) for the period

Commercial Banking's net profit decreased by 48% to EUR 448 million in 2018 (2017: EUR 860 million). The decrease was driven by higher impairments and costs.

Net interest income

Net interest income decreased by EUR 26 million to EUR 1,602 million in 2018 (2017: EUR 1,628 million) as the figure for 2017 included a release of EUR 37 million for unearned interest. Excluding this item, net interest income rose on the back of continued growth in client lending across all sectors and improved margins. This increase was partly offset by the combined impact of the model update for non-maturing deposits and the reallocation of net interest income from Group Functions, which negatively impacted net interest income in 2018 by approximately EUR 40 million.

Net fee and commission income

Net fee and commission income decreased by EUR 12 million to EUR 258 million in 2018 (2017: EUR 270 million).

million).

Other operating income

Other operating income decreased by EUR 24 million to EUR 39 million in 2018 (2017: EUR 63 million) as the figure for 2017 benefited from more favourable revaluation results.

Personnel expenses

Personnel expenses increased by EUR 7 million in 2018 to EUR 335 million in 2018 (2017: EUR 328 million). The increase was driven by the higher restructuring provision in 2018 of EUR 31 million (2017: EUR 12 million), the one-off payment under the collective labour agreement and salary increases, but was largely offset by the decline in FTE numbers resulting from well-executed cost-saving programmes.

Other expenses

Other expenses increased by EUR 47 million to EUR 711 million in 2018 (2017: EUR 664 million), largely due to a provision of EUR 55 million for additional costs to accelerate customer due diligence remediation programmes and to higher regulatory levies (EUR 48 million versus EUR 40 million in 2017). The increase was partly offset by lower cost allocations from Group Functions.

Operating result

The operating result went down by EUR 116 million to EUR 853 million in 2018 (2017: EUR 969 million). The decrease in operating result was largely driven by a decrease in operating income. The Cost Income ratio increased to 55.1% in 2018 (2017: 50.6%).

Impairment charges

Impairments amounted to a charge of EUR 253 million in 2018, compared with a net release of EUR 179 million in 2017, mainly reflecting impairment charges in Industrial goods and services, Healthcare and Shipping. The remainder was spread across various industrial sectors. The release in 2017 was largely attributable to model refinement and update, compared with limited releases in 2018.

Income tax expense

Income tax expense decreased by EUR 135 million to EUR 153 million in 2018 (2017: EUR 288 million). The decrease in income tax expense was largely driven by a lower operating profit.

Total client loans

Total client loans increased by EUR 1.8 billion to EUR 42.3 billion at 31 December 2018 (31 December 2017: EUR 40.5 billion). Growth in client loans was predominantly driven by the cross-sector strength of the Dutch economy.

Loans and advances – customers

Loans and advances – customers increased by EUR 1.5 billion to EUR 41.6 billion at 31 December 2018 (31 December 2017: EUR 40.1 billion). The increase was driven by the growth in client loans.

Due to customers

Due to customers increased by EUR 0.8 billion to EUR 45.0 billion at 31 December 2018 (31 December 2017: EUR 44.2 billion).

Private Banking

Private Banking provides total solutions to meet its clients' global wealth management needs and offers a rich array of products and services designed to address these clients' individual requirements. Private Banking operates under the brand name of ABN AMRO MeesPierson in the Netherlands and internationally under the name of ABN AMRO Private Banking or various local brand names such as Banque Neufilize OBC in France and Bethmann Bank in Germany.

The table below summarises the Private Banking segment's results for the years ended 31 December 2018 and 31 December 2017.

Private Banking: Selected Financial Information

	Year ended 31 December	
	2018	2017
	<i>(in millions of euros)</i>	
Net interest income	719	659
Net fee and commission income	509	573
Other operating income.....	111	307
Operating income	1,340	1,540
Personnel expenses	390	472
Other expenses	539	624
Operating expenses	929	1,095
Operating result	411	444
Impairment charges on loans and other receivables	3	-6
Operating profit/(loss) before taxation	408	450
Income tax expense.....	95	64
Net profit/(loss) for the period	312	386

	Year ended 31 December	
	2018	2017
Cost/income ratio (in %).....	69.3%	71.1%
Cost of risk (in bps).....	3	-5
Gross margin on client assets (in bps).....	68	77

	As at 31 December	
	2018	2017
Loan-to-Deposit ratio (in %).....	19%	19%
Loans and advances customers – customers (in billion).....	12.5	12.2
<i>Of which Client loans (in billion)</i>	12.6	12.4
Due to customers (in billion).....	66.2	65.0
Risk weighted assets (risk exposure amount, in billion).....	9.8	9.4
FTEs.....	2,795	3,240

Net profit/(loss) for the period

Private Banking's profit for 2018 decreased by EUR 74 million and amounted to EUR 312 million (2017: EUR 386 million). Excluding PB Asia results, profit increased by EUR 100 million because of higher income

resulting from favourable incidentals (sale proceeds and provision releases from divestments) and lower costs.

Net interest income

Net interest income rose by EUR 60 million to EUR 719 million (2017: EUR 659 million). Excluding the contribution of PB Asia, net interest income rose by EUR 79 million. This increase was mainly due to margin improvements, which were partly offset by the combined impact of the non-maturing deposits model update and the reallocation of the net interest income with Group Functions that negatively impacted on net interest income by EUR 20 million. Net interest income in 2017 was negatively impacted by a EURIBOR provision of EUR 10 million.

Net fee and commission income

Net fee and commission income declined by EUR 64 million to EUR 509 million in 2018 (2017: EUR 573 million). Excluding the contribution of PB Asia, net fee and commission income decreased by EUR 49 million. Due to the volatility in the financial markets, Private Banking clients were less active in securities transactions, while more clients also opted for execution only instead of managed portfolios. In addition, the raised client threshold for advisory services resulted in lower advisory volumes.

Other operating income

Other operating income decreased by EUR 195 million to EUR 111 million in 2018 (2017: EUR 307 million). Excluding the sale proceeds of EUR 263 million (tax exempt) from the PB Asia divestments in 2017, other operating income in 2018 rose by EUR 68 million. This was mainly the result of positive incidentals of EUR 60 million relating to the sale proceeds and provision releases from divestments (the sale of PB Luxembourg and asset management activities in France).

Personnel expenses

Personnel expenses decreased by EUR 82 million to EUR 390 million in 2018 (2017: EUR 472 million). Excluding the results of PB Asia in 2017, personnel expenses decreased as a result of substantial FTE reductions, which were partly offset by salary increases. FTE numbers decreased by 445 compared with 2017, primarily due to the progress made in the restructuring programmes and the divestment of PB Luxembourg.

Other expenses

Other expenses decreased by EUR 85 million and amounted to EUR 539 million in 2018, compared with EUR 624 million in 2017. Excluding the results of PB Asia in 2017, other expenses decreased because of the goodwill impairment of EUR 36 million included in 2017.

Operating result

The operating result decreased by 7% to EUR 411 million in 2018 (2017: EUR 444 million), while the cost/income ratio improved slightly to 69.3% (2017: 71.1%).

Impairment charges

Impairment charges totalled EUR 3 million in 2018, compared with a release of EUR 6 million in 2017. This was driven by limited releases in 2018 and additions in the Netherlands.

Income tax expense

Income tax expense increased by EUR 31 million to EUR 95 million in 2018 (2017: EUR 64 million).

Loans and advances – customers

Loans and advances – customers increased by EUR 0.3 billion to EUR 12.5 billion at 31 December 2018 (31 December 2017: EUR 12.2 billion).

Due to customers

Due to customers increased by EUR 1.2 billion to EUR 66.2 billion at 31 December 2018 (31 December 2017: EUR 65.0 billion).

Client assets

Client assets decreased by EUR 18.9 billion and amounted to EUR 181.7 billion at 31 December 2018 (31

December 2017: EUR 200.6 billion). The decline was mainly driven by the negative market performance and the PB Luxembourg divestment.

Net new assets

Net new assets totalled EUR 1.8 billion at 31 December 2018 (31 December 2017: EUR 5.7 billion), mainly driven by the internal transfer of clients from Retail Banking.

Private Banking: Client assets

	<u>As at 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<i>(in billions of euros)</i>	
Opening balance as at 1 January	200.6	204.9
Net new assets (excluding sales/acquisitions)	1.8	5.7
Market performance	-11.8	6.8
Divestments/acquisitions	-9.0	-16.7
Closing Balance at 31 December	181.7	200.6
Breakdown by assets type:		
Cash	66.3	67.2
Securities	115.4	133.4
- Of which custody	30.9	36.7
Breakdown by geography:		
The Netherlands (in %)	58%	55%
The rest of Europe (in %)	42%	45%

Corporate & Institutional Banking

Corporate & Institutional Banking serves business clients with an annual turnover exceeding EUR 250 million. In Northwest Europe, clients with turnover exceeding EUR 100 million are served in eight selected sectors. Corporate & Institutional Banking covers loan products (Structured Finance and Trade & Commodity Finance), flow products (Global Markets) and specialised products (Clearing and Private Equity). Corporate & Institutional Banking's business activities are organised according to sector, geography and product.

The table below summarises the Corporate & Institutional Banking segment's results for the years ended 31 December 2018 and 31 December 2017.

Corporate & Institutional Banking: Selected Financial Information

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<i>(in millions of euros)</i>	
Net interest income	1,166	975
Net fee and commission income	527	538
Other operating income	423	317
<i>Operating income</i>	2,116	1,830
Personnel expenses	480	442

	Year ended 31 December	
	2018	2017
	<i>(in millions of euros)</i>	
Other expenses	708	827
Operating expenses	1,189	1,269
Operating result	927	561
Impairment charges on loans and other receivables	427	219
Operating profit/(loss) before taxation	501	342
Income tax expense	75	121
Net profit/(loss) for the period	426	221

	Year ended 31 December	
	2018	2017
Cost/income ratio (in %)	56.2%	69.3%
Cost of risk (in bps).....	70	38

	As at 31 December	
	2018	2017
Loan-to-Deposit ratio (in %)	183%	173%
Loans and advances customers – customers (in billion).....	56.8	59.7
<i>Of which Client loans (in billion)</i>	42.6	38.9
Due to customers (in billion).....	28.0	30.3
Risk weighted assets (risk exposure amount; in billion).....	35.0	37.7
FTEs.....	2,528	2,542

Net profit/(loss) for the period

Corporate & Institutional Banking's net profit increased by EUR 205 million to EUR 426 million in 2018 (2017: EUR 221 million). The increase was driven by income growth and cost reductions, partly offset by elevated impairments.

Net interest income

Net interest income increased by EUR 191 million to EUR 1,166 million in 2018 (2017: EUR 975 million) owing to the favourable impact of new deals and on the back of increased client lending, although growth slowed throughout 2018 as a result of the strategy refocus. Deposit income was also higher as margins improved modestly, offsetting lower deposit volumes. As well as higher results in Global Markets and Clearing, the increase included a positive amount of approximately EUR 40 million representing the combined impact of the updating of the model used for NMD and the reallocation of net interest income from Group Functions.

Net fee and commission income

Net fee and commission income decreased by EUR 11 million to EUR 527 million in 2018 (2017: EUR 538 million). The decrease was mainly in Global Markets, which is volatile by nature, and was partly offset by higher fees in Clearing as a result of greater market volatility.

Other operating income

Other operating income increased by EUR 106 million to EUR 423 million in 2018 (2017: EUR 317 million). The increase was mainly attributable to favourable Equity Participations results (EUR 274 million versus EUR 114 million in 2017) and more favourable revaluations in Clearing, and was partly offset by adverse CVA/DVA/FVA results (EUR 2 million negative versus EUR 75 million in 2017).

Personnel expenses

Personnel expenses increased by EUR 38 million to EUR 480 million in 2018 (2017: EUR 442 million). The increase was driven by restructuring provisions in 2018, mainly relating to the previously announced strategy refocus and, to a lesser extent, to salary rises.

Other expenses

Other expenses decreased by EUR 118 million to EUR 708 million in 2018 (2017: EUR 827 million), mainly due to lower provisions for project costs relating to SME derivatives-related issues (EUR 41 million versus EUR 139 million in 2017) and higher regulatory levies (EUR 86 million versus EUR 76 million in 2017). The decrease was partly offset by lower cost allocations from Group Functions.

Operating result

Operating result increased by EUR 386 million to EUR 927 million (2017: EUR 561 million). The increase was mainly driven by an increase in net interest income and a decrease in other expenses.

Impairment charges

Impairment charges increased by EUR 208 million to EUR 427 million in 2018 (2017: EUR 219 million). The higher impairments were mostly taken on existing impaired loans and primarily in Energy (mainly offshore), Diamonds, Shipping and Commodities industry.

Income tax expense

Income tax expense decreased by EUR 46 million to EUR 75 million (2017: EUR 121 million) as the figure for 2017 included an impairment of deferred tax assets following a tax reform in the United States.

Total client loans

Total client loans increased by 3.7 billion to EUR 42.6 billion at 31 December 2018 (31 December 2017: EUR 38.9 billion). Excluding the USD FX appreciation impact of EUR 1.2 billion, client loans increased by EUR 2.5 billion. The increase was mainly in Corporates NL and Natural Resources and was partly offset by a decrease in Trade and Commodity Finance, including diamonds. The rate of growth slowed down in 2018 as a result of the Corporate & Institutional Banking refocus, which is expected to gradually impact volumes throughout 2020.

Due to customers

Due to customers decreased by EUR 2.3 billion to EUR 28.0 billion at 31 December 2018 (31 December 2017: EUR 30.3 billion). The decrease was mainly reflected in Corporates NL and Financial Institutions.

Group Functions

Group Functions supports the business segments and consists of Innovation & Technology, Risk Management, Finance, Transformation & HR, Group Audit, Strategy & Sustainability, and the Corporate Office. The majority of Group Functions' costs are allocated to the respective business segments. The results of Group Functions include those of ALM and Treasury and the securities financing activities.

The table below summarises the Group Functions results for the years ended 31 December 2018 and 31 December 2017.

Group Functions: Selected financial information

	<u>Year ended 31 December</u>	
	<u>2018</u>	<u>2017</u>
	<i>(in millions of euros)</i>	
Net interest income	- 16	-38
Net fee and commission income	40	28
Other operating income.....	<u>196</u>	<u>248</u>
<i>Operating income</i>	220	238
Personnel expenses	794	876
Other expenses	<u>- 635</u>	<u>-689</u>
Operating expenses	<u>160</u>	<u>187</u>
Operating result	60	51
Impairment charges on loans and other receivables	<u>- 16</u>	<u>4</u>
Operating profit/(loss) before taxation	76	48
Income tax expense.....	<u>64</u>	<u>52</u>
Net profit/(loss) for the period	<u>13</u>	<u>-4</u>

	<u>As at 31 December</u>	
	<u>2018</u>	<u>2017</u>
Securities financing – assets (in billions)	7.1	13.0
Loans and advances - customers (in billions).....	5.5	6.6
Securities financing – liabilities (in billions)	6.9	10.9
Due to customers (in billions).....	3.5	2.9
Risk weighted assets (risk exposure amount; in billions).....	5.6	6.5
FTEs.....	6,328	6,206

Net profit/(loss) for the period

Net profit rose by EUR 17 million to EUR 13 million in 2018 (2017: EUR 4 million negative) owing to lower costs, which were partly offset by lower revenues.

Net interest income

Net interest income increased by EUR 22 million to EUR 16 million negative in 2018 (2017: EUR 38 million negative). The figure for 2018 includes a provision release relating to securities financing activities discontinued in 2009 (EUR 35 million). If adjusted for this, the decrease was mainly attributable to a decline in duration-related interest results, partly offset by the positive impact of approximately EUR 80 million resulting from the updating of the model used for non-maturing deposits and the reallocation of net interest

income to the business segment, as well as higher mortgage penalty fees.

Net fee and commission income

Net fee and commission income increased by EUR 12 million to EUR 40 million in 2018 (2017: EUR 28 million), partly due to the increase in net fee and commission income from Stater (mortgage service provider).

Other operating income

Other operating income decreased by EUR 52 million to EUR 196 million in 2018 (2017: EUR 248 million). This was due to less favourable hedge accounting-related income, including the partial sale of the public sector loan portfolio (EUR 79 million versus EUR 181 million in 2017), and to the lower provision release for securities financing activities discontinued in 2009, and was partly offset by the revaluation of equensWorldline (EUR 69 million).

Personnel expenses

Personnel expenses decreased by EUR 82 million to EUR 794 million in 2018 (2017: EUR 876 million), partly as a result of lower restructuring provisions in 2018 (EUR 58 million versus EUR 112 million in 2017). If adjusted for these restructuring provisions, personnel expenses decreased on the back of the lower average number of FTEs in 2018, partly offset by salary increases and the one-off payment of EUR 1,000 per employee that was provided for in the Collective Labour Agreement.

Other expenses

Other expenses increased by EUR 54 million to EUR 635 million negative in 2018 (2017: EUR 689 million negative). This was due to lower costs being allocated to commercial business lines and was partly offset by lower expenses as the figure for 2017 included a EUR 17 million impairment charge related to the ATM network.

Operating result

Operating result increased by EUR 9 million to EUR 60 million in 2018 (2017: EUR 51 million). The increase was largely driven by an increase in net interest income and a decrease personnel expenses.

Impairment charges

Impairment charges totalled EUR 16 million in 2018, compared with a release of EUR 4 million in 2017.

Income tax expense

Income tax expense increased by EUR 12 million to EUR 64 million in 2018 (2017: EUR 52 million). The increase in income tax expense was largely driven by a higher operating profit.

4.5 Results of operations for the years ended 31 December 2017 and 2016

Unless otherwise stated, results of operations are presented based on underlying results, which are derived by adjusting the results reported in accordance with IFRS for defined Incidentals, discussed below. Management believes these non-IFRS underlying results provide a better understanding of the underlying trends in financial performance as compared to results that have been prepared in accordance with IFRS. The tables below shows a reconciliation of ABN AMRO's reported and underlying results of operations for the years ended 31 December 2017 and 31 December 2016. Underlying results are non-IFRS measures and have not been audited. In the first quarter of 2017, the former business line Corporate Banking was split into two new business lines: Commercial Banking and Corporate & Institutional Banking.

Reconciliation of Reported to Underlying Results

	Year ended 31 December					
	2017			2016		
	Reported	Incidentals	Underlying	Reported	Special items	Underlying
	<i>(in millions of euros)</i>					
Net interest income	6,456	-	6,456	6,267	-10	6,277
Net fee and commission income	1,747	-	1,747	1,810		1,810
Other operating income.....	1,086	-	1,086	150	-351	501
<i>Operating income</i>	9,290	-	9,290	8,227	-361	8,588
Personnel expenses	2,590	-	2,590	2,777		2,777
Other expenses	2,991	-	2,991	2,880	-	2,880
Operating expenses	5,582	-	5,582	5,657	-	5,657
Operating result	3,708	-	3,708	2,570	-361	2,931
Impairment charges on loans and other receivables.....	-63	-	-63	114	-	114
Operating profit/(loss) before taxation	3,771	-	3,771	2,456	-361	2,817
Income tax expense.....	979	-	979	650	-90	740
Profit/(loss) for the period	2,791	-	2,791	1,806	-271	2,076

Impact of Special Items

	Year ended 31 December	
	2017	2016
	<i>(in millions of euros)</i>	
Operating income		
SME derivatives	-	-361
Total impact on operating income	-	-361
Total impact on income tax expense	-	-90
Total impact on result for the period	-	-271

Selected consolidated Financial Information

The table below summarizes ABN AMRO's results of operations on an underlying basis for the years ended 31 December 2017 and 31 December 2016.

	Year ended 31 December	
	2017	2016
	<i>(in millions of euros)</i>	
Net interest income	6,456	6,277
Net fee and commission income	1,747	1,810
Other operating income	1,086	501
<i>Operating income</i>	9,290	8,588
Personnel expenses	2,590	2,777
Other expenses	2,991	2,880
Operating expenses	5,582	5,657
Operating result	3,708	2,931
Impairment charges on loans and other receivables	-63	114
Operating profit/(loss) before taxation	3,771	2,817
Income tax expense	979	740
Underlying profit/(loss) for the period	2,791	2,076
Special items		-271
Reported profit/(loss) for the period	2,791	1,806
<i>Attributable to:</i>		
Owners of the parent company	2,721	1,762
Holders of AT1 capital securities	53	43
Other non-controlling interests	18	1
	Year ended 31 December	
	2017	2016
Net interest margin (NIM) (in bps) ⁽¹⁾	157	152
Underlying cost/income ratio	60.1%	65.9%
Underlying cost of risk (in bps) ⁽¹⁾⁽²⁾	-2	4
Underlying return on average Equity ⁽³⁾	14.5%	11.8%
Underlying earnings per share (in EUR) ⁽⁴⁾	2.89	2.16
Dividend per share ⁽⁵⁾	1.45	0.84

	<u>Year ended 31 December</u>	
	<u>2017</u>	<u>2016</u>
Client Assets ⁽⁶⁾ (in billions).....	316	323
FTEs.....	19,954	21,664

- (1) For management view purposes, the historical periods before 31 December 2016 have not been adjusted for the revised accounting relating to the netting. Further details are provided in section 4.1 "Presentation of financial information, Offsetting treatment of notional cash pool agreements and bank saving mortgages".
- (2) Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.
- (3) Underlying profit for the period excluding reserved coupons for AT1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average equity attributable to the owners of the company.
- (4) Underlying profit for the period excluding reserved coupons for AT1 Capital securities (net of tax) and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.
- (5) Dividend per share and payout ratio.
- (6) Client Assets consist of assets including investment funds and assets of private individuals and institutions, which are professionally managed with the aim of maximising the investment result. Clients Assets also include cash and securities of clients held on accounts with ABN AMRO.

Underlying profit/(loss) for the period

ABN AMRO's underlying profit for 2017 increased by EUR 715 million to EUR 2,791 million (2016: EUR 2,076 million). The increase was driven by a combination of higher operating income (partly due to a gain on the Private Banking Asia divestment), a lower cost base and impairment releases (strong economic developments and model updates).

Reported profit/(loss) for the period

Reported profit for 2017 increased by EUR 985 million to EUR 2,791 million (2016: EUR 1,806 million). Besides movements in underlying profit, the increase was driven by a provision for SME derivatives-related issues of EUR 271 million in 2016 which was recorded as a special item.

The underlying return on equity (ROE) improved to 14.5% (2016: 11.8%).

Operating income

Operating income increased by EUR 702 million to EUR 9,290 million (2016: EUR 8,588 million). The increase was mainly caused by an increase in net interest income.

Net interest income

Net interest income increased by EUR 179 million to EUR 6,456 million (2016: EUR 6,277 million). Excluding the Private Banking Asia divestment, net interest income grew by EUR 213 million. 2017 results were impacted by positive incidentals¹¹. Excluding these, positive volume developments in mortgages, improving margins on deposits (consumer and corporate) and growth of the loan book were offset by lower net interest income at Corporate & Institutional Banking and increased buffer and steering costs at Group Functions. The net interest margin (NIM), partly supported by favourable incidentals, increased to 157bps in 2017 (2016: 152bps).

Net fee and commission income

Net fee and commission income decreased by EUR 63 million to EUR 1,747 million (2016: EUR 1,810 million).

¹¹ *For a full list of incidentals, please refer to financial factsheet (tab 5.5b) as posted on our investor relations website.

million). Excluding the Private Banking Asia divestment, net fee and commission income decreased by EUR 13 million. Higher fee and commission income at Private Banking was offset by lower fee and commission income at Retail Banking due to rate reductions and declining clearing fees due to lower volatility in the market. 2017 included a reclassification of Stater (mortgage service provider) related income from other operating income to net fee and commission income of EUR 73 million (2016 figures restated as well).

Other operating income

Other operating income increased to EUR 1,086 million (2016: EUR 501 million). Excluding the Private Banking Asia divestment, other operating income grew by EUR 338 million. This was largely driven by improved CVA/DVA/FVA¹² results (EUR 75 million versus EUR 2 million negative in 2016), better equity participations results (EUR 114 million versus EUR 13 million in 2016) and improved hedge accounting-related results (EUR 181 million versus EUR 39 million negative in 2016). 2017 results included the proceeds of the sale of the remaining equity stake in Visa Inc. of EUR 114 million (2016 included a EUR 116 million gain on the sale of Visa Europe shares). 2016 results included the Equens revaluation gain of EUR 52 million and the proceeds of a provision release of EUR 21 million related to the sale of Private Banking Switzerland (2011).

Personnel expenses

Personnel expenses decreased by EUR 187 million to EUR 2,590 million (2016: EUR 2,777 million). Excluding the Private Banking Asia divestment, personnel expenses decreased by EUR 162 million. The decrease was supported by lower restructuring provisions. 2016 included EUR 321 million in restructuring provisions related to the reorganisation of control and support activities and further digitalisation and process optimisation. 2017 included EUR 156 million in restructuring provisions. Adjusted for the provisions, higher pension costs and additional expenses due to wage inflation were partly offset by cost savings due to lower FTE levels resulting from the existing restructuring programmes.

Other expenses

Other expenses increased by EUR 111 million to EUR 2,991 million in 2017 (2016: EUR 2,880 million). Higher costs in 2017 included EUR 139 million for project costs regarding SME derivatives-related issues (2016: EUR 55 million provision and EUR 34 million for project costs), costs associated with the PB Asia divestment (EUR 35 million), a goodwill impairment at Private Banking of EUR 36 million and additional handling costs associated with the ICS and Euribor provision. 2017 also included higher regulatory levies (2017: EUR 300 million versus 2016: EUR 253 million). Excluding these factors other expenses declined due to the various cost control programmes. This was also reflected in the decrease in external FTEs (decrease of 330 compared with 2016).

Operating result

Operating result increased by EUR 777 million to EUR 3,708 million in 2017 (2016: EUR 2,931 million). The increase is caused mainly by an increase in net interest income and a decrease of Personnel expenses.

Impairment charges on loans and other receivables

Impairment charges decreased to a EUR 63 million release in 2017 (2016: EUR 114 million charge). The strong economic development resulted in net releases in the mortgage portfolio and consumer loans. Impairments were also positively impacted by EUR 58 million in IBNI releases (2016: EUR 189 million release) and favourable model updates.

Income tax expenses

Income tax expenses amounted to EUR 979 million in 2017 (2016: 740 million) and included a decrease of

¹² CVA = credit value adjustment refers to an adjustment made on the valuation of an OTC derivative transaction in order to properly reflect the credit risk of the derivative counter party.

DVA = debt value adjustment related to how a company handles changes in fixed income securities it has issued, if the debt decreases in price on the market this can be interpreted as a decrease in liabilities and can be therefore be reported as a profit

FVA = funding value adjustment the funding cost/benefits resulting from borrowing or lending the shortfall/excess of cash arising from day-to-day derivatives business operations.

deferred tax assets of EUR 24 million following the tax reform in the USA.

Selected Consolidated Balance Sheet Movements

	As at 31 December	
	2017	2016
	<i>(in millions of euros)</i>	
Assets:		
Cash and balances at central banks	29,783	21,861
Financial assets held for trading	1,600	1,607
Derivatives	9,825	14,384
Financial investments	40,964	45,497
Securities financing ⁽¹⁾	16,645	17,589
Loans and receivables – banks	10,665	13,485
Loans and receivables – customers	274,906	267,679
Other	8,783	12,380
Total assets	393,171	394,482
Liabilities:		
Financial liabilities held for trading	1,082	791
Derivatives	8,367	14,526
Securities financing ⁽¹⁾	12,875	11,625
Due to banks	16,462	13,419
Due to customers	236,699	228,758
Issued debt	76,612	81,278
Subordinated liabilities	9,720	11,171
Other	10,025	13,976
<i>Total liabilities</i>	<i>371,841</i>	<i>375,544</i>
Equity:		
Equity attributable to owners of the parent company	19,303	17,928
AT1 capital securities	2,007	1,004
Equity attributable to non-controlling interests	20	5
<i>Total equity</i>	<i>21,330</i>	<i>18,937</i>
Total liabilities and equity	393,171	394,482
Committed credit facilities ⁽²⁾	32,772	25,288
Guarantees and other commitments	16,165	15,873

⁽¹⁾ Securities financing consists of securities borrowing and lending and sale and repurchase transactions.

⁽²⁾ 2016 figures have been adjusted as a result of process optimisation regarding credit offers, which resulted in a downward adjustment.

Total assets

Total assets decreased by EUR 1.3 billion to EUR 393.2 billion at 31 December 2017 (31 December 2016: EUR 394.5 billion). Growing loans and receivables (customers) and cash balances were partly offset by lower derivatives and financial investments.

Cash and balances at central banks

Cash and balances at central banks increased by EUR 7.9 million to EUR 29.8 billion at 31 December 2017 (31 December 2016: EUR 21.9 billion). The increase was mainly due to a shift from financial investments to cash.

Financial assets held for trading

Financial assets held for trading remained flat at EUR 1.6 billion at 31 December 2017 (31 December 2016: EUR 1.6 billion).

Derivative assets

Derivatives declined by EUR 4.6 billion to EUR 9.8 billion at 31 December 2017 (31 December 2016: EUR 14.4 billion) as a result of mid- to long-term interest and FX rates movements impacting the valuation of derivatives. This impact is also observed in derivative liabilities.

Financial investments

Financial investments decreased by EUR 4.5 billion to EUR 41.0 billion at 31 December 2017 (31 December 2016: EUR 45.5 billion). This was driven by a lack of sufficiently effective yielding investment opportunities.

Securities financing

Securities financing decreased by EUR 1.0 billion to EUR 16.6 billion at 31 December 2017 (31 December 2016: EUR 17.6 billion).

Loans and receivables – banks

Loans and receivables – banks decreased by EUR 2.8 billion to EUR 10.7 billion at 31 December 2017 (31 December 2016: EUR 13.5 billion).

Loans and receivables – customers

Loans and receivables – customers increased by EUR 7.2 billion to EUR 274.9 billion at 31 December 2017 (31 December 2016: EUR 267.7 billion). Residential mortgages increased by EUR 1.3 billion as Retail Banking benefited from a combined market share on new mortgage production of 21%¹³ and higher overall market volumes. Consumer loans were stable year-on-year. Corporate loans to clients increased by EUR 1.1 billion. Growth within Commercial Banking was widely driven, predominantly in asset-based finance and real estate. Corporate & Institutional Banking mainly showed growth within financial institutions, large corporates and natural resources. Growth within Corporate & Institutional Banking was impacted by further USD depreciation (approximately EUR 3.5 billion negative impact) and an increase in commodity prices (approximately EUR 1.3 billion positive impact).

Other assets

Other assets decreased by EUR 3.6 billion to EUR 8.8 billion at 31 December 2017 (31 December 2016: EUR 12.4 billion). 2016 included the held for sale reclassification related to the Private Banking Asia divestment of EUR 3.4 billion.

¹³ Source: Calculated based on information provided by the Dutch Land Registry (Kadaster), 2017

Loans and receivables – customers

	As at 31 December	
	2017	2016
	<i>(in millions of euros)</i>	
Residential mortgages	150,562	149,255
Consumer loans	12,426	12,539
Corporate loans to clients ⁽¹⁾	85,455	84,362
<i>Of which: Commercial Banking</i>	39,150	37,891
<i>Of which: Corporate & Institutional Banking</i>	38,814	38,311
<i>Total client loans</i> ⁽²⁾	248,443	246,155
Loans to professional counterparties	16,258	12,948
Other loans ⁽³⁾	8,966	7,448
<i>Total loans and receivables</i> ⁽²⁾	273,666	266,551
Fair value adjustments from hedge accounting	3,700	4,794
Less: loan impairment allowance	2,460	3,666
Total loans and receivables – customers	274,906	267,679

⁽¹⁾ Corporate loans excluding loans to professional counterparties

⁽²⁾ Gross carrying amount excluding fair value adjustment from hedge accounting.

⁽³⁾ Other loans consist of loans and receivables to government, official institutions and financial markets parties.

Total liabilities

Total liabilities decreased by EUR 3.7 billion to EUR 371.8 billion at 31 December 2017 (31 December 2016: EUR 375.5 billion). An increase in due to customers and due to banks was more than offset by lower derivatives, issued debt securities and other liabilities.

Financial liabilities held for trading

Financial liabilities held for trading increased by EUR 0.3 billion to EUR 1.1 billion at 31 December 2017 (31 December 2016: EUR 0.8 billion).

Derivative liabilities

Derivatives declined by EUR 6.2 billion to EUR 8.3 billion at 31 December 2017 (31 December 2016: EUR 14.5 billion) on the back of mid- to long-term interest and FX rates movements impacting the valuation of derivatives.

Securities financing

Securities financing increased by EUR 1.3 billion to EUR 12.9 billion at 31 December 2017 (31 December 2016: EUR 11.6 billion).

Due to banks

Due to banks increased by EUR 3.1 billion to EUR 16.5 billion at 31 December 2017 (31 December 2016:

EUR 13.4 billion). Matured debt is partially replaced by TLTRO (see issued debt securities).

Due to customers

Due to customers increased by EUR 7.9 billion to EUR 236.7 billion in 31 December 2017 (31 December 2016: EUR 228.8 billion). The increase was supported by all business lines but was mostly driven by Private Banking and Corporate & Institutional Banking.

Due to customers

	<u>As at 31 December</u>	
	<u>2017</u>	<u>2016</u>
	<i>(in millions of euros)</i>	
Retail Banking	102,785	102,750
Commercial Banking	35,724	34,939
Private Banking.....	65,031	61,825
Corporate & Institutional Banking	30,273	27,436
Group Functions.....	2,886	1,808
Total Due to customers	<u>236,699</u>	<u>228,758</u>

Issued debt

Issued debt securities decreased by EUR 4.7 billion to EUR 76.6 billion at 31 December 2017 (31 December 2016: EUR 81.3 billion). Matured debt was partially replaced by TLTRO (see due to banks).

Subordinated liabilities

Subordinated liabilities decreased by EUR 1.5 billion to EUR 9.7 billion at 31 December 2017 (31 December 2016: EUR 11.2 billion). This was partially offset by the issuance of AT1 (reported under equity).

Total equity

Total equity increased by EUR 2.4 billion to EUR 21.3 billion at 31 December 2017 (31 December 2016: EUR 18.9 billion) mainly due to the inclusion of reported profit, partly offset by dividend payments, and the issuance of AT1 capital instruments.

Results of Operations by Segment for the Years Ended 31 December 2017 and 2016

The sections below summarises ABN AMRO's results of operations by segment for the years ended 31 December 2017 and 31 December 2016.

Retail Banking

Retail Banking provides a full range of transparent banking products and high-quality services to individuals (investable assets up to EUR 500,000) and small businesses (turnover less than EUR 1 million). Retail Banking offers its products and services under the ABN AMRO brand, and specific products and services under different labels. Retail Banking clients have access to a seamless omni-channel distribution network providing extensive digital and physical coverage, a top-class digital offering, an extensive network of 202 branches and our 24/7 Advice & Service Centres.

The table below summarises the Retail Banking segment's results for the years ended 31 December 2017 and

31 December 2016.

Retail Banking: Selected Financial Information

	Year ended 31 December	
	2017	2016
	<i>(in millions of euros)</i>	
Net interest income	3,439	3,355
Net fee and commission income	406	463
Other operating income.....	150	140
<i>Operating income</i>	3,995	3,959
Personnel expenses	486	470
Other expenses	1,657	1,741
Operating expenses	2,143	2,211
Operating result	1,853	1,747
Impairment charges on loans and other receivables	-100	79
Operating profit/(loss) before taxation	1,953	1,669
Income tax expense.....	496	422
Underlying profit/(loss) for the period	1,456	1,247
Special items.....		
Reported profit/(loss) for the period	1,456	1,247

	Year ended 31 December	
	2017	2016
Underlying cost/income ratio	53.6%	55.9%
Underlying cost of risk ⁽¹⁾ (in bps).....	-6	5

⁽¹⁾ Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

	Year ended 31 December	
	2017	2016
Loan-to-Deposit ratio.....	153%	152%

	<u>Year ended 31 December</u>	
	<u>2017</u>	<u>2016</u>
Loans and receivables – customers (in billions).....	157.2	156.3
<i>Of which Client loans (in billions).....</i>	157.6	156.9
Due to customers (in billions).....	102.8	102.7
Risk-weighted assets (risk exposure amount; in billions).....	28.7	31.8
FTEs.....	5,192	5,266
Total Client Assets.....	115.1	117.9
<i>Of which Cash.....</i>	102.8	102.8
<i>Of which Securities.....</i>	12.3	15.1

Underlying profit/(loss) for the period

Retail Banking's underlying profit increased by 17%. The increase was driven by net impairment releases and to a lesser extent higher net interest income and lower expenses.

Net interest income

Net interest income at EUR 3,439 million (2016: EUR 3,355 million) grew by 3%. Interest income on mortgages benefited from higher volumes. Margin pressure on new mortgage production due to increased competition was offset by higher margins on the re-pricing portion of the mortgage book. Lending income declined on the back of lower volumes and margins. Income from savings and deposits benefited from higher margins following the reduction of the rate paid on main retail deposits. 2017 income was negatively impacted by a EUR 42 million provision for the Euribor claim and a EUR 8 million provision for ICS (2016: EUR 47 million).

Net fee and commission income

Net fee and commission income decreased by 12% to EUR 406 million in 2017 (2016: EUR 463 million). This decrease was partly due to lower fees being charged for payment packages to small businesses (as from January 2017). In addition, there were lower securities related fees due to the migration of client assets to Private Banking.

Other operating income

Other operating income increased to EUR 150 million (2016: EUR 140 million). Other income was mostly driven by the sale of the remaining equity stake in Visa Inc. shares resulting in a pre-tax gain of EUR 114 million in 2017. 2016 included a EUR 116 million pre-tax gain on the sale of Visa Europe shares of which EUR 101 million was booked within Retail Banking.

Personnel expenses

Personnel expenses increased to EUR 486 million (2016: EUR 470 million). The increase was due to a restructuring provision for International Card Services (ICS) of EUR 24 million. Excluding this, personnel expenses decreased due to lower FTE (5,192 versus 5,266 in 2016). The FTE reduction was supported by an increase in online and mobile banking and associated branch reduction (202 branches versus 221 in 2016).

Other expenses

Other expenses at EUR 1,657 million decreased by 5%. This was due to lower costs being allocated from Group Functions highlighting the impact from existing cost saving programmes. 2017 included additional investments in the digital banking subsidiary Moneyou and higher regulatory levies (EUR 155 million in 2017

compared to EUR 136 million in 2016). 2016 included a provision for ICS handling costs of EUR 16 million.

Operating result

The operating result improved by 6%. The cost/income ratio improved by 2.3% (53.6% in 2017 compared to 55.9% in 2016) as both operating income and operating expense results improved.

Impairment charges

Impairment charges improved to a EUR 100 million release (2016: EUR 79 million charge). The results were driven by the strong performance of the Dutch economy. In addition, impairment charges benefited from favourable model updates. 2017 impairment charges also benefited from additional IBNI releases (EUR 60 million versus EUR 49 million in 2016).

Loans and receivables – customers

Loans and receivables - customers increased to EUR 157.2 billion at 31 December 2017 (31 December 2016: EUR 156.3 billion). Growth in the residential mortgage portfolio is partly offset by lower consumer loans. The residential mortgage portfolio amounted to EUR 147.5 billion, an increase of EUR 1.4 billion. The increase is driven by a combined market share of approximately 21% (2016: approximately 21%) and higher market volumes.

Due to customers

Total client assets decreased to EUR 115.1 billion at 31 December 2017 (31 December 2016: EUR 117.9 billion). This is due to lower securities and is mostly driven by internal client transfers to Private Banking.

Commercial Banking

Commercial Banking is an established business partner of the Dutch corporate sector. Operating in 15 economic sectors, Commercial Banking has a domestic franchise, combined with an asset-based finance presence in the UK, Germany, France and Belgium. It serves a total of approximately 65,000 clients. Its clients are corporates in all sectors of the economy with annual turnover between EUR 1 million and EUR 250 million. Commercial Banking offers them a broad range of standard and tailor-made products and services based on in-depth client and sector knowledge.

The table below summarises the Commercial Banking segment's results for the years ended 31 December 2017 and 31 December 2016.

Commercial Banking: Selected Financial Information

	<u>Year ended 31 December</u>	
	<u>2017</u>	<u>2016</u>
	<i>(in millions of euros)</i>	
Net interest income	1,421	1,349
Net fee and commission income	202	202
Other operating income.....	<u>63</u>	<u>57</u>
<i>Operating income</i>	<i>1,687</i>	<i>1,608</i>
Personnel expenses	315	280
Other expenses	<u>573</u>	<u>580</u>
Operating expenses	<u>888</u>	<u>860</u>
Operating result	798	748

	Year ended 31 December	
	2017	2016
	<i>(in millions of euros)</i>	
Impairment charges on loans and other receivables	-180	-179
Operating profit/(loss) before taxation	978	927
Income tax expense	245	233
Underlying profit/(loss) for the period	733	694
Special items	-	-8
Reported profit/(loss) for the period	733	686

	Year ended 31 December	
	2017	2016
Underlying cost/income ratio (in %)	52.7%	53.5%
Underlying cost of risk ⁽¹⁾ (in bps)	-45	-46

⁽¹⁾ Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

	As at 31 December	
	2017	2016
Loan-to-Deposit ratio (in %)	110%	107%
Loans and receivables customers – customer (in billion)	39.2	37.3
<i>Of which Client loans (in billion)</i>	39.6	38.6
Due to customers (in billion)	35.7	34.9
Risk weighted assets (risk exposure amount; in billion)	23.8	20.6
FTEs	2,773	2,751

Underlying profit/(loss) for the period

Commercial Banking's underlying net profit increased by 6% driven by favourable income results.

Net interest income

Net interest income at EUR 1,421 million grew with 5% compared with 2016. The increase was partly related to favourable unearned interest releases. Excluding this, net interest income increased driven by higher asset and liability volumes partly offset by lower margins. Margin on liabilities declined driven by the low interest rate climate.

Net fee and commission income

Net fee and commission income remained flat at EUR 202 million (2016: EUR 202 million).

Other operating income

Other operating income was slightly up to EUR 63 million (2016: EUR 57 million) driven by positive revaluation results.

Personnel expenses

Personnel expenses increased to EUR 315 million (2016: EUR 280 million). The increase was driven by a restructuring provision within Asset Based Finance (EUR 12 million), wage inflation, higher pension costs and higher FTE. The increase in FTE was due to a transfer from Group Functions to facilitate the shift to a more agile (flexible) way of working.

Other expenses

Other expenses at EUR 573 million decreased by 1%. Additional costs due to investments in IT, digital investments and Duty of Care were more than offset by lower allocated costs from Group Functions as a result from the ongoing cost saving programmes and an increase in salary expenses due to a transfer of FTEs from Group Functions.

Operating result

The operating result went up by EUR 50 million. The underlying Cost Income (C/I) ratio improved to 52.7% in 2017 (2016: 53.5%).

Impairment charges

Impairment charges on loans and other receivables remained stable year-on-year. In addition to the strong economic environment, the releases in 2017 were supported by favourable model updates. 2017 included EUR 6 million in IBNI releases (EUR 137 million in 2016).

Total client loans

Total client loans increased to EUR 39.6 billion at 31 December 2017 (31 December 2016: EUR 38.6 billion). Growth was predominantly driven by asset-based finance and real estate and was impacted by a transfer of clients to Corporate & Institutional Banking.

Loans and receivables – customers

Loans and receivables – customers increased to EUR 39.2 billion at 31 December 2017 (31 December 2016: EUR 37.3 billion).

Due to customers

Due to customers increased to EUR 35.7 billion at 31 December 2017 (31 December 2016: EUR 34.9 billion).

Private Banking

Private Banking is a leading private bank in the eurozone in terms of client assets, with dedicated professionals who have in-depth knowledge of their clients. Private Banking's international expertise combined with local involvement and over 300 years of experience in private banking forms the basis of our long-standing client relationships. These strengths allow Private Banking to continuously adapt to changing client needs and market trends, and to understand the past, present and future financial situations of our clients. Private Banking offers clients multi-channel wealth management services, enabling them to use its services whenever and wherever it suits them.

The table below summarises the Private Banking segment's results for the years ended 31 December 2017 and 31 December 2016.

Private Banking: Selected Financial Information

	Year ended 31 December	
	2017	2016
	<i>(in millions of euros)</i>	
Net interest income	659	645
Net fee and commission income	573	580
Other operating income	307	89
Operating income	1,540	1,315
Personnel expenses	472	501
Other expenses	624	544
Operating expenses	1,095	1,045
Operating result	444	269
Impairment charges on loans and other receivables	-6	20
Operating profit/(loss) before taxation	450	249
Income tax expense	64	50
Underlying profit/(loss) for the period	386	199
Special items		
Reported profit/(loss) for the period	386	199

	Year ended 31 December	
	2017	2016
Underlying cost/income ratio (in %)	71.1%	79.5%
Underlying cost of risk ⁽¹⁾ (in bps)	-5	13
Gross margin on client assets (in bps)	77	67

⁽¹⁾ Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

	As at 31 December	
	2017	2016
Loan-to-Deposit ratio (in %)	19%	20%
Loans and receivables customers – customers (in billion)	12.2	12.1
Due to customers (in billion)	12.4	12.3
Due to customers (in billion)	65.0	61.8
Risk weighted assets (risk exposure amount, in billion)	9.4	7.7

	As at 31 December	
	2017	2016
FTEs.....	3,240	3,844

Underlying profit/(loss) for the period

Private Banking's underlying profit amounted to EUR 386 million. Excluding Private Banking Asia, profit increased by EUR 11 million supported by income growth and net loan impairment releases.

Net interest income

Net interest income amounted to EUR 659 million (2016: EUR 645 million). Excluding Private Banking Asia, net interest income rose by EUR 48 million. The increase was largely driven by increased income on deposits due to higher volumes and margins. 2017 was negatively impacted by a EUR 10 million provision for the Euribor claim.

Net fee and commission income

Net fee and commission income amounted to EUR 573 million. Excluding Private Banking Asia, fee and commission income increased by EUR 43 million. The increase was shown across both the domestic and international business and is mostly driven by higher asset management fees. Fee and commission income also positively benefited from the migration of clients from Retail Banking.

Other operating income

Other operating income increased by EUR 218 million. The increase was largely driven by the sale proceeds of the Private Banking Asia divestment amounting to EUR 263 million (tax exempt). 2016 results included the proceeds of a provision release of EUR 21 million related to the sale of Private Banking Switzerland (2011).

Personnel expenses

Personnel expenses were EUR 472 million. Excluding Private Banking Asia, personnel expenses declined with 1%. This decrease was supported by lower FTEs. Compared with 2016, FTE levels decreased by 604 (largely driven by the Private Banking Asia divestment). Further FTE reduction is expected as a result of the digital transformation of the private bank.

Other expenses

Other expenses increased to EUR 624 million (2016: EUR 544 million). Excluding Private Banking Asia, other expenses increased by EUR 66 million. This was driven by a goodwill impairment of EUR 36 million within Private Banking International, investments in the new online wealth manager Prosperity and higher regulatory levies. In addition, 2016 included a release following the settlement of an insurance claim of EUR 24 million.

Operating result

The operating result improved slightly year on year (+1%) excluding the sale of Private Banking Asia. The cost/income ratio improved to 71.1%, largely driven by the gain on the Private Banking Asia divestment.

Impairment charges

Impairment charges amounted to a release of EUR 6 million compared with a EUR 20 million charge in 2016. This improvement is largely driven by lower additions in the Netherlands and Luxembourg.

Loans and receivables – customers

Loans and receivables – customers increased to EUR 12.2 billion at 31 December 2017 (31 December 2016: EUR 12.1 billion).

Due to customers

Due to customers increased to EUR 65.0 billion at 31 December 2017 (31 December 2016: EUR 61.8 billion). The increase was predominantly driven by the Netherlands and is mostly related to the internal client transfer

from Retail Banking to Private Banking.

Client assets

Client assets amounted to EUR 200.6 billion at 31 December 2017. Excluding the impact of the PB Asia divestment (EUR 16.7 billion), the growth in client assets was supported by better market performance (especially Q1 2017) and the inflow of new assets.

Net new assets were EUR 5.7 billion and were mostly driven by internal client transfers from Retail Banking.

Private Banking: Client assets

	<u>As at 31 December</u>	
	<u>2017</u>	<u>2016</u>
	<i>(in billions of euros)</i>	
Opening balance as at 1 January	204.9	199.2
Net new assets (excluding sales/acquisitions)	5.7	0.6
Market performance	6.8	5.0
Divestments/acquisitions	-16.7	-
Closing Balance at 31 December	<u>200.6</u>	<u>204.9</u>
Breakdown by assets type:		
Cash	67.2	67.6
Securities	133.4	137.2
- Of which custody	36.7	35.4
Breakdown by geography:		
The Netherlands (in %)	55%	48%
The rest of Europe (in %)	45%	44%
The rest of the world (in %)	0%	9%

Corporate & Institutional Banking

Corporate & Institutional Banking has a total client base of approximately 3,000. In the Netherlands, it serves business clients with revenues exceeding EUR 250 million. In Northwest Europe (France, Germany, United Kingdom and Belgium), Corporate & Institutional Banking serves clients in eight selected sectors with revenues exceeding EUR 100 million. These clients are served by Client Service Teams which offer specific product or sector knowledge. Corporate & Institutional Banking is currently active in 13 countries in the Americas, Europe, the Middle East and Africa, and Asia Pacific. Its five product units cover loan products (Structured Finance and Trade & Commodity Finance), flow products (Global Markets) and specialised products (Clearing and Private Equity).

The table below summarises the Corporate & Institutional Banking segment's results for the years ended 31

December 2017 and 31 December 2016.

Corporate & Institutional Banking: Selected Financial Information

	<u>Year ended 31 December</u>	
	<u>2017</u>	<u>2016</u>
	<i>(in millions of euros)</i>	
Net interest income	975	931
Net fee and commission income	538	549
Other operating income.....	<u>317</u>	<u>118</u>
<i>Operating income</i>	1,830	1,598
Personnel expenses	442	400
Other expenses	<u>827</u>	<u>735</u>
Operating expenses	<u>1,269</u>	<u>1,135</u>
Operating result	561	463
Impairment charges on loans and other receivables	<u>219</u>	<u>210</u>
Operating profit/(loss) before taxation	342	254
Income tax expense.....	<u>121</u>	<u>71</u>
Underlying profit/(loss) for the period	<u>221</u>	<u>182</u>
Special items.....	<u>-</u>	<u>-263</u>
Reported profit/(loss) for the period	<u>221</u>	<u>-81</u>

	<u>Year ended 31 December</u>	
	<u>2017</u>	<u>2016</u>
Underlying cost/income ratio (in %)	69.3%	71.0%
Underlying cost of risk ⁽¹⁾ (in bps).....	38	41

⁽¹⁾ Annualised impairment charges on loans and receivables - customers for the period divided by the average loans and receivables - customers on the basis of gross carrying amount and excluding fair value adjustment from hedge accounting.

	<u>As at 31 December</u>	
	<u>2017</u>	<u>2016</u>
Loan-to-Deposit ratio (in %)	173%	176%
Loans and receivables customers – customers (in billion).....	59.7	54.2
<i>Of which Client loans (in billion)</i>	38.9	38.3

	As at 31 December	
	2017	2016
Due to customers (in billion).....	30.3	27.4
Risk weighted assets (risk exposure amount; in billion).....	37.7	34.3
FTEs.....	2,542	2,387

Underlying profit/(loss) for the period

Underlying net profit increased by EUR 39 million driven by net interest income and other operating income growth.

Reported net profit increased by EUR 302 million. In addition to movements in the underlying profit this was driven by the increase in the provision for SMEs with derivatives-related issues which was recorded as a special item in Q2 2016. The total gross impact was EUR 361 million, of which EUR 351 million was recorded in the net trading income at Global Markets.

Net interest income

Net interest income increased to EUR 975 million (2016: EUR 931 million). 2017 was positively impacted by favourable unearned interest releases and the recognition of TLTRO funding benefit. Excluding these, net interest income grew due to positive volume and margin developments (loans and deposits), mainly within Natural Resources, Transportation and Financial Institutions. In addition, 2017 included more interest related fees on the back of the growing number of new loan facilities. Net interest income at Global Markets decreased as favourable results from 2016, mainly within collateral management, were not replicated.

Net fee and commission income

Net fee and commission income decreased to EUR 538 million (2016: EUR 549 million). This decrease was largely driven by lower clearing fees due to less volatility in financial markets as compared with 2016.

Other operating income

Other operating income increased to EUR 317 million (2016: EUR 118 million). This was driven by higher CVA/DVA/FVA results (EUR 75 million in 2017 compared to negative EUR 2 million in 2016), positive Equity Participations results (EUR 114 million in 2017 compared to EUR 13 million in 2016) and lower provisions for SME derivative related issues (EUR 21 million compared to EUR 25 million in 2016).

Personnel expenses

Personnel expenses increased to EUR 442 million (2016: EUR 400 million). In addition to wage inflation and higher pension costs, the increase is driven by a higher number of FTEs (up 155 compared with 2016) to support the growth initiatives.

Other expenses

Other expenses increased to EUR 827 million (2016: EUR 735 million). Higher costs in 2017 include EUR 139 million project costs for SME derivatives-related issues (2016: EUR 55 million provision and EUR 34 million project costs). In addition, regulatory expenses were higher in 2017 (EUR 76 million versus EUR 63 million in 2016).

Operating result

Operating result increased to EUR 561 million (2016: EUR 463 million). This is caused mainly by the increase of Other operating income.

Impairment charges

Impairment charges were up EUR 9 million. The impairment charges included an IBNI charge of EUR 8 million (2016: EUR 1 million). The impairment charges on the trade and commodity finance portfolio were lower at EUR 186 million, a decrease of EUR 23 million compared with 2016.

Total client loans

Total client loans increased to EUR 38.9 billion at 31 December 2017 (31 December 2016: EUR 38.3 billion). Growth was mainly shown within Financial Institutions, Large Corporates and Natural Resources. Presented growth figures include the effect of an increase in commodity prices (approximately EUR 1.3 billion positive impact) and further USD depreciation (approximately EUR 3.5 billion negative impact).

Due to customers

Due to customers increased by EUR 2.9 million to EUR 30.3 billion at 31 December 2017 (31 December 2016: EUR 27.4 billion). Even though negative rates are being charged to a large portion of the clients, deposits have still grown due to excess liquidity in the market. Growth was mostly driven by Financial Institutions and Large Corporates.

Group Functions

Group Functions consists of various departments that provide essential support to the business segments. Its departments include Finance, Risk Management, Innovation & Technology, Transformation & HR, Group Audit, Corporate Office and Strategy & Sustainability. The majority of the costs of Group Functions are allocated to the respective business segments. Items not allocated to the business segments include operating results from specific (commercial) activities and specific one-off items (individually determined).

The table below summarises the Group Functions results for the years ended 31 December 2017 and 31 December 2016.

Group Functions: Selected financial information

	<u>Year ended 31 December</u>	
	<u>2017</u>	<u>2016</u>
	<i>(in millions of euros)</i>	
Net interest income	-38	-2
Net fee and commission income	28	15
Other operating income	<u>248</u>	<u>96</u>
<i>Operating income</i>	238	108
Personnel expenses	876	1,125
Other expenses	<u>-689</u>	<u>-720</u>
Operating expenses	<u>187</u>	<u>405</u>
Operating result	51	-297
Impairment charges on loans and other receivables	<u>4</u>	<u>-15</u>
Operating profit/(loss) before taxation	48	-282
Income tax expense	<u>52</u>	<u>-36</u>
Underlying profit/(loss) for the period	<u>-4</u>	<u>-245</u>
Special items	-	-

	<u>Year ended 31 December</u>	
	<u>2017</u>	<u>2016</u>
	<i>(in millions of euros)</i>	
Reported profit/(loss) for the period	-4	-245
	<u>As at 31 December</u>	
	<u>2017</u>	<u>2016</u>
Securities financing – assets (in billions)	13.0	12.9
Loans and receivables - customers (in billions).....	6.6	7.8
Securities financing – liabilities	10.9	10.5
Due to customers (in billions)	2.9	1.8
Risk weighted assets (risk exposure amount; in billions).....	6.5	9.8
FTEs.....	6,206	7,416

Underlying profit/(loss) for the period

Underlying result was a loss of EUR 4 million, an improvement of 98% driven by favourable hedge accounting results, lower provisions and a declining cost base.

Net interest income

Net interest income amounted to a loss of EUR 38 million (2016: EUR 2 million loss). Higher buffer and steering costs were only partly offset by a release of penalty fees (mortgages) of EUR 49 million.

Net fee and commission income

Net fee and commission income increased to EUR 28 million (2016: EUR 15 million). The increase was driven by additional fees from Securities Financing activities and additional income from Stater (mortgage service provider). 2017 figures include a reclassification of Stater related income from other operating income to net fee and commission income (EUR 73 million, historic figures restated as well).

Other operating income

Other operating income increased to EUR 248 million (2016: EUR 96 million). The increase was largely driven by favourable hedge accounting-related results. 2016 figures included the Equens revaluation gain of EUR 52 million. In addition, both years included tax-exempt provisions related to the part of the securities financing activities that were discontinued in 2009.

Personnel expenses

Personnel expenses decreased to EUR 876 million (2016: EUR 1,125 million). The decrease was supported by lower restructuring provisions. 2016 included EUR 321 million in restructuring provisions related to the reorganisation of control and support activities and further digitalisation and process optimisation. 2017 included an additional EUR 156 million in restructuring provisions of which EUR 112 million was booked in Group Functions. Excluding these provisions, personnel expenses declined on the back of lower FTE resulting from the ongoing cost saving programmes (6,206 FTE compared with 7,416 FTE in 2016). FTE levels were also impacted by a transfer of FTE from Group Functions to the business lines to embed a more agile way of

working.

Other expenses

Other expenses amounted to negative EUR 689 million (2016: negative EUR 720 million). Lower expenses resulting from the various cost saving programmes were offset as fewer costs were allocated to the commercial business lines. 2017 included a EUR 17 million impairment related to the ATM network, compared with a EUR 27 million office space-related provision in 2016.

Operating result

Operating result increased to EUR 51 million (2016: EUR 297 million loss).

4.6 Other references

Liquidity and Funding

Please see "*Risk, funding & capital management – Funding & liquidity risk management*" and "*Risk, funding & capital review – Liquidity risk & Funding*" in the Annual Report 2018, which has been incorporated by reference herein.

Please also see "*Risk, funding & capital management – Funding & liquidity risk management*" and "*Risk, funding & capital review – Liquidity risk & Funding*" in the Annual Report 2017, which has been incorporated by reference herein.

Risk Management and Review

Please see "*Risk, funding & capital management*" and "*Risk, funding & capital review*" in the Annual Report 2018, which has been incorporated by reference herein.

Please also see "*Risk, funding & capital management*" and "*Risk, funding & capital review*" in the Annual Report 2017, which has been incorporated by reference herein.

Capital Management

Please see "*Risk, funding & capital management – Capital management*" in the Annual Report 2018, which has been incorporated by reference herein.

Please see "*Risk, funding & capital management – Capital management*" in the Annual Report 2017, which has been incorporated by reference herein.

Critical Accounting Policies

Please see "*Notes to the Annual Financial Statements – 1 Accounting policies*" in the Annual Report 2018, which has been incorporated by reference herein.

Please also see "*Notes to the Annual Financial Statements – 1 Accounting policies*" in the Annual Report 2017, which has been incorporated by reference herein.

Related Party Transactions

Please see "*Notes to the Consolidated Annual Financial Statements – 36 Related parties*" in the Annual Report 2018, which has been incorporated by reference herein.

Please also see "*Notes to the Annual Financial Statements – 35 Related parties*" in the Annual Report 2017, which has been incorporated by reference herein.

SETTLEMENT, CLEARANCE AND CUSTODY

The following is a summary of the settlement, clearance and custody arrangements for the Notes.

The Issuer shall not be liable for the failure of (a) Euroclear or Clearstream, Luxembourg to pay any accountholder, and (b) any accountholder to pay the ultimate investors on whose behalf they act as nominee or custodian (whether via an Intermediary or otherwise), once payment has been made by, or on behalf of, the Issuer to Euroclear and/or Clearstream, Luxembourg. See the section headed "Risk Factors" above.

Holding of the Notes through a clearing system: Settlement and clearance of the Notes within Euroclear and Clearstream, Luxembourg or Euroclear Netherlands

The Notes of each Series are to be held through Euroclear and Clearstream, Luxembourg or Euroclear Netherlands, three large international clearing systems for securities.

Clearstream, Luxembourg: Clearstream, Luxembourg is incorporated under the laws of the Grand Duchy of Luxembourg. Clearstream, Luxembourg is registered as a bank in Luxembourg and as such is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (CSSF). Clearstream, Luxembourg as operator of a securities settlement system under Luxembourg law is also supervised by the Central Bank of Luxembourg according to the law of 10 November 2009 on payment services. The address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy L-1855 Luxembourg.

Euroclear: Euroclear is a provider of settlement and related securities services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds. Euroclear holds securities and book-entry interests in securities for participating organisations and facilitates the clearance and settlement of securities transactions between participants as defined in the Terms and Conditions governing use of Euroclear (T&C). Euroclear is also a specialised settlement bank, authorised to provide certain banking services. These facilitate settlement and enable clients to optimise their assets. Non-participants in the Euroclear System as defined in the T&C may hold and transfer book-entry interests in the securities as defined in the T&C through direct accounts with a participant in the Euroclear System or indirectly via a securities intermediary that holds a book-entry interest in the securities through Euroclear. The address of Euroclear is 1 Boulevard du Roi Albert II, B.1210 Brussels, Belgium.

Euroclear Netherlands: Euroclear Netherlands is the business name for the central institute under the Dutch Securities Transfer Giro Act (*Wet giraal effectenverkeer*) with the statutory name Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., formerly known as NECIGEF. Euroclear Netherlands acts as the Central Securities Depository and is supervised by the Minister of Finance. In May 2002, NECIGEF was taken over by the Euroclear Group, a group of companies founded in Belgium that work together in post trade services. Euroclear Netherlands is the service provider of the ESES platform, together with Euroclear Belgium and Euroclear France. The system provides real-time settlement services for equities, capital and money market paper. In addition to its real-time settlement services, Euroclear Netherlands offers custody and securities administration services and manages giro-based securities transfers on behalf of its clients, including (i) the registration of master data (stock classes and contacts); (ii) account administration (holdings and clients); and (iii) transactions settlement (giro-based securities transfers and management). Access to Euroclear Netherlands under its admission policy is available to credit institutions and investment firms. Euroclear Netherlands may include securities as defined in the Securities Giro Transfer Act in its book-entry system and, subsequently will keep the respective securities in custody. Euroclear Netherlands accepts securities in registered form and bearer form embodied in a global note. The address of Euroclear Netherlands is Herengracht 459-469, 1017 BS Amsterdam, The Netherlands.

Custodial and depository links have been established with Euroclear, Clearstream, Luxembourg and Euroclear Netherlands to facilitate the initial issue and settlement of the Notes and cross-market transfers of the Notes associated with secondary trading. Euroclear, Clearstream, Luxembourg and Euroclear Netherlands each holds securities for participating organisations and facilitates the clearance and settlement of securities

transactions between their respective participants through electronic book-entry changes in the accounts of such participants, eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg or Euroclear Netherlands. Euroclear, Clearstream, Luxembourg or Euroclear Netherlands, as the case may be, and every other intermediate holder in the chain to the ultimate economic ownership of book-entry interests in the Global Notes, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the relevant Notes.

The Issuer will not impose any fees in respect of the Notes. Prospective investors should note, however, that they may be required to bear certain fees and charges for custodial, nominee, transfer and clearing services charged by the relevant clearing system(s) and/or any intermediaries for the holding, transfer or redemption of the Notes. Prospective investors in Notes should contact any relevant intermediaries for further details of these fees and charges.

Selling the Notes: Trading in Euroclear, Clearstream, Luxembourg and Euroclear Netherlands

Secondary market sales of book-entry interests in the Global Notes will be conducted in accordance with the normal rules and operating procedures of Euroclear, Clearstream, Luxembourg and Euroclear Netherlands. Euroclear, Clearstream, Luxembourg and Euroclear Netherlands are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, any Dealer or the Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or Euroclear Netherlands or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Holding and selling the Notes through a clearing system other than Euroclear, Clearstream, Luxembourg or Euroclear Netherlands

Secondary market sales of interests in the Global Notes may be conducted in accordance with the normal rules and operating procedures of the domestic clearing system or interests in the Global Notes may be transferred to a direct or indirect participant of another clearing system in accordance with the standard arrangements for such cross-market transfers. None of Euroclear, Clearstream, Luxembourg, Euroclear Netherlands nor any other clearing system is under any obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the relevant Dealer or the Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg, Euroclear Netherlands any other clearing or settlements system or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Custody arrangements

Since the Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with Euroclear Netherlands, and primary settlement and clearance facilities will be provided by Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands, investors in the Notes must make arrangements for their Notes to be held in custody with an accountholder (or indirect accountholder) of Euroclear or Clearstream, Luxembourg or Euroclear Netherlands, as the case may be. For these purposes, an indirect accountholder of Euroclear or Clearstream, Luxembourg or Euroclear Netherlands may include an accountholder of another clearing system in respect of which arrangements have been made for the clearance of Notes of the relevant Series. Consequently, prospective investors in the Notes must have, or open, an investment account with an intermediary which is an accountholder of Euroclear or Clearstream, Luxembourg or Euroclear Netherlands (as the case may be) or another clearing system in respect of which arrangements have been made to settle and clear the Notes. Intermediaries may charge a fee for the opening and operation of an investment account. The fees charged by one intermediary may differ from those charged by another intermediary and prospective investors should contact any intermediaries they may appoint directly for such

information. Most banks and securities dealers in major financial centres worldwide maintain, or have access to, an account with, Euroclear or Clearstream, Luxembourg or Euroclear Netherlands (as the case may be) through which Notes may be held or transferred following issue.

Investment account and other nominee or custodian arrangements with respect to the Notes will be supplied by the intermediaries subject to their standard terms and conditions for the provision of such services. None of the Issuer, the Arranger or the relevant Dealer accept responsibility for the provision of such services or for the consequences of, or arising from, the use of such investment account or custody or nominee services.

FORM OF THE NOTES

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

Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) be initially represented by a temporary global note (the "Temporary Global Note") (or, if so specified in the applicable Final Terms, a permanent global note (the "Permanent Global Note", together with the Temporary Global Notes, the "Global Notes" and each a "Global Note")), without interest coupons or talons, which in either case, will:

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

Notes to be held in Euroclear Netherlands may not be issued in NGN form.

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

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

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*" below) the Agent shall arrange that, where a Temporary Global Note representing a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg which are different from the ISIN and common code assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Payments of principal and interest (if any) on a Permanent Global Note will be made through the

relevant clearing system(s) (against presentation or surrender (as the case may be) of the relevant Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. Definitive Notes will be in the standard euromarket form. Definitive Notes and Global Notes will be to bearer.

A Permanent Global Note will be exchangeable (free of charge), in whole in accordance with the applicable Final Terms, for security printed definitive Notes with, where applicable, interest coupons or coupon sheets and talons attached. Such exchange may be made only upon the occurrence of an Exchange Event. An "Exchange Event" means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available or (2) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 6 (*Taxation*) which would not be required were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 (*Notices*) upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event any holder of an interest in the Global Note may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date on which the relevant notice is received by the Agent. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

In case of Notes represented by a Permanent Global Note deposited with Euroclear Netherlands, on the occurrence of an Exchange Event as described above, an exchange (*uitlevering*) for definitive Notes will only be possible in the limited circumstances as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer, "Wge"*) and in accordance with the rules and regulations of Euroclear Netherlands.

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

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

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

The following legend will appear on all Global Notes held through Euroclear Netherlands:

"Notice: This Note is issued for deposit with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("Euroclear Netherlands") at Amsterdam, The Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved."

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 8 (*Events of Default*) of the Notes. In such circumstances, where any Note is still represented by a Global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) (other than Euroclear Netherlands) gives notice that it wishes to accelerate such Note, unless within a period of 15 days payment has been made in full of the amount due in accordance with the terms of such Global Note, holders of interests in such Global Note credited to their accounts with the relevant clearing system(s) (other than Euroclear Netherlands) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) (other than Euroclear Netherlands) on and subject to the terms of the relevant Global Note. In the case of a Global Note deposited with Euroclear Netherlands, the rights of Noteholders will be exercised in accordance with the Wge.

FORMS OF SENIOR PREFERRED NOTES FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Senior Preferred Notes issued under the Programme.

Date: []

ABN AMRO Bank N.V.

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

Issue of [Aggregate Nominal Amount of Tranche] [Title of Senior Preferred Notes] (the "Senior Preferred Notes")

under the Programme for the issuance of Medium Term Notes

PROHIBITION OF SALES TO RETAIL INVESTORS - The Senior Preferred Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU ("**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Senior Preferred Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Senior Preferred Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Senior Preferred Notes are ["prescribed capital markets products"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"/["Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Senior Preferred Notes (the "**Conditions**") set forth in the base prospectus dated 10 July 2019 [as supplemented by a supplement dated [date]], which [together] constitute[s] a base prospectus (the "**Base**

Prospectus") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Senior Preferred Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Senior Preferred Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [www.abnamro.com/debtinvestors]. Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in the Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date. N.B. when using a post-1 July 2012 approved base prospectus to tap a previous issue under a pre-1 July 2012 approved base prospectus, the final terms in the post-1 July 2012 base prospectus will take different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared]

Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") in the base prospectus dated [original date] [as supplemented by a supplement dated [date] [which are incorporated by reference in the Base Prospectus dated [•]]. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated [•] [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to it dated [•]]. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [www.abnamro.com/debtinvestors] Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in the Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any Senior Preferred Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Senior Preferred Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Senior Preferred Notes is not exempt from tax (including for the reasons described above) shall include such interest, discount income, prepayment fee, redemption premium or break cost in a return of income made under the ITA.]¹⁴

The expression Prospectus Directive means Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

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

¹⁴ include if the Notes are intended to qualify as "qualifying debt securities" ("**QDS**") for the purposes of the Income Tax Act, Chapter 134 of Singapore."

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

1. Issuer: ABN AMRO Bank N.V.
2. (i) Series Number: []
- (ii) Tranche Number: []
- (iii) Date on which the Senior Preferred Notes become fungible: [Not Applicable/The Senior Preferred Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert earlier Tranches] on [[insert date]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below [which is expected to occur on or about [insert date]].]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - Tranche: []
 - Series: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (a) Specified Denominations: []

(Note – where multiple denominations above [EUR 100,000] or equivalent are being used the following sample wording should be followed:

"[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No Senior Preferred Notes in definitive form will be issued with a denomination above [EUR 199,000].")

(N.B. If an issue of Senior Preferred Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the EUR [100,000] minimum denomination is not required.)

- (b) Calculation Amount []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Senior Preferred Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
9. Interest Basis: [[] per cent. Fixed Rate]
- [[specify Reference Rate] +/- [] per cent. Floating Rate]
- [Zero Coupon]
- (See paragraph [14/15/16] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Senior Preferred Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there/Not Applicable]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [(See paragraph [17/18] below)]
13. Status of the Notes: Senior Preferred Notes

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) **Rate(s) of Interest:**

[[●]% per annum] [From (and including) [●] up to (but [excluding/including]) [●]] [the aggregate of [●] per cent. and the [Mid Swap Rate/Swap Offer Rate] per annum] [determined by the Agent] payable in arrear on each Interest Payment Date.]

["**Mid Swap Rate**" means the [semi-] annual mid swap rate for [Euro][U.S. Dollar] swap transaction with a maturity of [●] years, expressed as a percentage, displayed on Bloomberg ICAE screen page [●] (or such other page as may replace that page on Bloomberg, or such other service as may be designated by the [Managers]/[Dealer] in consultation with the Issuer) at [●] [a.m./p.m.] ([●] time) on the [second] Business Day prior to [●].]

["**Swap Offer Rate**" means the [semi-] annual swap offer rate for [Singapore \$] swap transactions with a maturity of [●] years, expressed as a percentage, displayed on the Bloomberg page "[SDSW[●] TPRA Currency]" (or such other page as may replace that page on Bloomberg, or such other service as may be designated by the [Managers]/[Dealer] in consultation with the Issuer) at [●] [a.m./p.m.] ([Singapore] time) on the [second] Singapore business day prior to [●].]

(ii) **Interest Payment Date(s):**

[] in each year [up to and including the Maturity Date] [in each case subject to adjustment in accordance with the [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [and [] as Business Centre(s) for the definition of "Business Day"][, Unadjusted]]

(NB: This will need to be amended in the case of long or short coupons)

(iii) **Fixed Coupon Amount(s):**

[] per Calculation Amount

(iv) **Broken Amount(s):**

[[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []/Not

- Applicable]
- (v) Day Count Fraction: [30/360, Actual/Actual (ICMA) or Actual/365 (Fixed)]
- (vi) [Determination Date(s): [[] in each year/Not Applicable]
- (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
- NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration*
- NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (vii) Reference Rate Determination: [Yes/No]
- Reference Rate Replacement [Applicable/Not Applicable]
- (Only applicable in case of Fixed Rate Notes that are subject to a reset)*
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Period(s): []
- (ii) First Interest Payment Date: []
- (iii) Specified Interest Payment Dates: [Not Applicable/[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/not subject to any adjustments as the Business Day Convention set out in (iv) below is specified to be Not Applicable]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (v) Unadjusted: [No/Yes/Not applicable]
- (Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of*

interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)

- (vi) Business Centre(s): [specify/Not Applicable]
- (vii) Manner in which the Rate of Interest and Interest Amounts is to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Screen Rate Determination: [Yes/No]
- Reference Rate: [for example, LIBOR or EURIBOR]
 - Interest Determination Date(s): []
- (Second London business day prior to the start of each Interest Period if LIBOR (other than euro LIBOR) and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: []
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate due to the fallback provisions in the Conditions)*
- Relevant Time: [For example, 11.00 a.m. London time (in case of LIBOR)/Brussels time (in case of EURIBOR)]
 - Relevant Financial Centre: [For example, London (in case LIBOR)/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)(in case of EURIBOR)]
 - Reference Rate Replacement: [Applicable/Not Applicable]
- (ix) ISDA Determination: [Yes/No]
- Floating Rate Option: []
 - Designated Maturity: []

- Reset Date: []
- (x) Linear Interpolation: Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xi) Margin(s): [+/–] [] per cent. per annum
- (xii) Minimum Rate of Interest: [] per cent. per annum
- (xiii) Maximum Rate of Interest: [] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)]

16. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Actual/Actual (ISDA)/Actual/365 (Fixed)/Actual/365 (Sterling)/Actual/360/30/360/30E/360/30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

17. Issuer Call:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s): [] per Calculation Amount

(iii) Notice period (if other than as set out in the Conditions): [] days

(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

18. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): []

(ii) Optional Redemption Amount(s): [] per Calculation Amount

(iii) Notice period (if other than as set out in the Conditions): [] days

(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

19. Final Redemption Amount of each Senior Preferred Note: [] per Calculation Amount

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Senior Preferred Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulations will apply.)

20. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Senior Preferred Notes:

(a) Form: [Temporary Global Note exchangeable for a

Permanent Global Note which is exchangeable for definitive Senior Preferred Notes only upon an Exchange Event [[and] in respect of Global Notes deposited with Euroclear Netherlands only in the limited circumstances as described in the Wge and in accordance with the rules and regulations of Euroclear Netherlands].]

[Temporary Global Note exchangeable for definitive Senior Preferred Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for definitive Senior Preferred Notes only upon an Exchange Event [[and] in respect of Global Notes deposited with Euroclear Netherlands only in the limited circumstances as described in the Wge and in accordance with the rules and regulations of Euroclear Netherlands].]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Senior Preferred Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Senior Preferred Notes in paragraph 6 includes language substantially to the following effect: "[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Senior Preferred Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Senior Preferred Notes.)

(b) New Global Note:

[Yes][No]

[N.B. If the Senior Preferred Notes are to be deposited with either Euroclear Bank S.A./N.V. or Clearstream Banking, S.A., it is intended that the Senior Preferred Notes will be designated as New Global Notes. If the Senior Preferred Notes are to be deposited with Euroclear Netherlands, it is intended that the Senior Preferred Notes will be designated as Classic Global Notes.]

22. Financial Centre(s):

[Not Applicable/give details]

(Note that this paragraph relates to the place of payment and not Interest Period end dates to

which sub-paragraph 15(vi) relates)

23. Talons for future Coupons to be attached to definitive Senior Preferred Notes (and dates on which such Talons mature): [No/Yes. As the Senior Preferred Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
24. For the purposes of Condition 12 (*Notices*), notices to be published in the Financial Times (generally yes, but not for domestic issues): [Yes/No]
25. Whether Condition 6(a) (*Taxation*) of the Senior Preferred Notes applies (in which case Condition 5(b) (*Redemption for Tax Reasons*) of the Senior Preferred Notes will not apply) or whether Condition 6(b) (*Taxation*) and Condition 5(b) (*Redemption for Tax Reasons*) of the Senior Preferred Notes apply: [Condition 6(a) (*Taxation*) applies and Condition 5(b) (*Redemption for Tax Reasons*) does not apply/Condition 6(b) (*Taxation*) and Condition 5(b) (*Redemption for Tax Reasons*) apply]
26. Relevant Benchmark[s]: [[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][*appears*]/[*does not appear*]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation (Regulation (EU) 2016/1011)/[Not Applicable].

THIRD PARTY INFORMATION

[[Relevant third party information] relating to paragraph [•] above, which has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of ABN AMRO Bank N.V.:

By: _____

Duly authorised

By: _____

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Senior Preferred Notes to be admitted to trading on [Euronext Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Senior Preferred Notes to be admitted to trading on [Euronext Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [].]

[Not Applicable.]

(ii) Estimate of total expenses related to admission to trading:

[]

2. RATINGS

Ratings:

The Senior Preferred Notes to be issued [have [not] been / are expected to be] rated:

[S & P: []]

[Moody's: []]

[Fitch: []]

[[Other]: []]

[and endorsed by [insert details including full legal name of credit rating agency/ies]]

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

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

Insert one (or more) of the following options, as applicable:

[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for *registration* under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]. [*Insert full legal name of credit rating agency/ies*] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**."). [*Insert full legal name of credit rating agency/ies*] [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Senior Preferred Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Senior Preferred Notes has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

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

4. **[REASONS FOR THE OFFER**

Reasons for the Offer

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer are different will need to include those reasons here. In case Green Bonds are issued, the category of Eligible Assets must be specified.)]

5. **YIELD** *(Fixed Rate Senior Preferred Notes only)*

Indication of yield:

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of

future yield.

6. **HISTORIC INTEREST RATES** (*Floating Rate Senior Preferred Notes only*)

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

7. **OPERATIONAL INFORMATION**

- (i) ISIN Code:
- (ii) Common Code:
- (iii) [FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]]
- (iv) [CFI Code: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]]
- (v) [*Other relevant code:*]
- (vi) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/give name(s) and numbers(s)][*N.B. If the Senior Preferred Notes are designated as NGNs, this must be "Not Applicable"*]
 [*If Euroclear Netherlands is selected, and in item 23 Temporary Global Note exchangeable for definitive Senior Preferred Notes on and after the Exchange Date is selected, further legal advice is required.*]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Names and addresses of initial Paying Agent(s) (if any):
- (ix) Names and addresses of additional Paying Agent(s) (if any):
- (x) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” does not necessarily mean that the Senior Preferred Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have

been met.

The Senior Preferred Notes will be deposited initially upon issue with one of the ICSDs acting as common safekeeper.]

[No.

Whilst the designation is specified as “no”, should the Eurosystem eligibility criteria be amended in the future such that the Senior Preferred Notes are capable of meeting them, the Senior Preferred Notes may then be deposited with one of the ICSDs acting as common safekeeper. Note that this does not mean that the Senior Preferred Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

8. DISTRIBUTION

- | | | |
|-------|---|--|
| (i) | Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [Not Applicable] |
| (iii) | Stabilisation Manager(s) (if any): | [Not Applicable/ <i>give name</i>] |
| (iv) | If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>specify name [and address] of dealer</i>] |
| (v) | U.S. Selling Restrictions: | [Regulation S Category 2; TEFRA D/TEFRA C/TEFRA not applicable] ¹⁵ |
| (vi) | [Additional selling restrictions: | The Senior Preferred Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, in the Republic of China (Taiwan), to investors other than "professional investors" as defined under Paragraph 1, Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds (" Professional Investors "). Purchasers of the Senior Preferred Notes are not permitted to sell or otherwise dispose of the Senior Preferred Notes except by transfer to a Professional Investor.] |

¹⁵ TEFRA will only apply in respect of issues of Notes with a maturity of more than one year.

TERMS AND CONDITIONS OF THE SENIOR PREFERRED NOTES

The following are the Terms and Conditions of Senior Preferred Notes to be issued by the Issuer which will be incorporated by reference into each Global Note representing each Series and which will be endorsed on (or, if permitted by the relevant stock exchange and agreed between the Issuer and the relevant Dealer (if any), incorporated by reference into) each definitive Senior Preferred Note in the standard euromarket form. The applicable Final Terms in relation to any Tranche of Senior Preferred Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Senior Preferred Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Note representing each Series and definitive Senior Preferred Note in the standard euromarket form. Reference should be made to "Form of the Notes" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.

This Senior Preferred Note is one of a series of Senior Preferred Notes issued by ABN AMRO Bank N.V. (in such capacity, the "**Issuer**", which expression shall include any substituted debtor or transferee pursuant to Condition 15 (*Substitution of the Issuer*)). References herein to the "**Senior Preferred Notes**" shall be references to the Senior Preferred Notes of this Series (as defined below) and shall mean (i) in relation to any Senior Preferred Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Senior Preferred Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The Senior Preferred Notes and the Coupons (as defined below) also have the benefit of an Agency Agreement dated 10 July 2019 (as supplemented or amended from time to time, the "**Agency Agreement**") made between the Issuer, ABN AMRO Bank N.V. as issuing and principal paying agent and agent bank (in such capacity the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Senior Preferred Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Any reference herein to "**Senior Preferred Noteholders**" shall mean the holders of the Senior Preferred Notes, and shall, in relation to any Senior Preferred Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons, and holders of Talons shall be referred to herein as "**Talontholders**". Any holders mentioned above include those having a credit balance in the collective depots held by Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Netherlands**") or one of its participants.

The Final Terms for this Senior Preferred Note is endorsed hereon or attached hereto and supplements these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Senior Preferred Note. References herein to the "**applicable Final Terms**" are to the Final Terms for this Senior Preferred Note.

As used herein, "**Tranche**" means Senior Preferred Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Senior Preferred Notes together with any further Tranche or Tranches of Senior Preferred Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement and the applicable Final Terms are available for viewing at the specified offices of each of the Agent and the other Paying Agents and at the registered offices of the Issuer

and of the Agent and copies may be obtained from those offices. The Senior Preferred Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated. Any references in these Conditions to any particular provision, article, clause, section or paragraph of a law, directive, regulation or other legislation shall include such provision, article, clause, section or paragraph as consolidated, amended, re-enacted or replaced).

1. Form, Denomination and Title

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

This Senior Preferred Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

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

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

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

Where Senior Preferred Notes represented by a permanent Global Note are deposited with Euroclear Netherlands, a Senior Preferred Noteholder shall not have the right to request delivery (*uitlevering*) of his Senior Preferred Notes under the Wge other than as set out in the Global Note and in accordance with the rules and regulations of Euroclear Netherlands.

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

Terms but shall not include Euroclear Netherlands.

2. Status and Ranking of the Senior Preferred Notes

The Senior Preferred Notes and the relative Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory and/or overriding provisions of law and other than those unsecured and unsubordinated obligations having a lower ranking in reliance on article 212rb of the Dutch Bankruptcy Act (*Faillissementswet*) (or any other provision implementing article 108 of Directive 2014/59/EU, as amended by Directive (EU) 2017/2399, in The Netherlands).

3. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

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

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

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

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

If a Business Day Convention is specified in the applicable Final Terms, the number of days for calculating the amount of interest payable in respect of the relevant Fixed Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for

general business (including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms; and

- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System (or any successor thereto) is open. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

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

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

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

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 3:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
- (a) in the case of Senior Preferred Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
- (b) in the case of Senior Preferred Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
- (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and

(y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;

- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Fixed Interest Period divided by 365.

Where Mid Swap Rate or Swap Offer Rate and Reference Rate Replacement are specified in the applicable Final Terms as being applicable and the Agent is unable to determine the applicable Mid Swap Rate or Swap Offer Rate at the relevant time, the applicable Mid Swap Rate or Swap Offer Rate will be the rate as determined in accordance with Condition 3(d) (*Reference Rate Replacement*), **provided that**, if no such rate can be determined in accordance with Condition 3(d) (*Reference Rate Replacement*) or if Reference Rate Replacement is not specified in the applicable Final Terms as being applicable, the applicable Mid Swap Rate or Swap Offer Rate will be the rate as last applied in relation to the Senior Preferred Notes in respect of the immediately preceding Fixed Interest Period.

In these Conditions:

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

"euro" 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 Communities, as amended; and

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

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

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

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

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

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur

or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

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

If a Business Day Convention is specified in the applicable Final Terms, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) Rate of Interest

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

- (A) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which

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

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms;
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms; and
- (4) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 3(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination

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

- (1) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (2) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
- (A) one rate shall be determined as if the Relevant Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Relevant Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;
- provided, however, that* if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;
- (3) in any other case, the Agent will determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (4) if, in the case of (1) above, such rate does not appear on that page or, in the case of (3) above, fewer than three such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Agent will:
- (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such quotations;
- (5) if fewer than two such quotations as referred to in (4) above are provided as requested, the Agent will determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date in the Relevant Financial Centre of the Specified Currency, deposits in the Specified Currency for the relevant Interest Period by leading banks in the Relevant Financial Centre of the Specified Currency or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the Relevant Financial Centre of the Specified Currency;

- (6) If, in the case of (3) above, five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Senior Preferred Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Senior Preferred Notes in respect of a preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

In this Condition 3, the expression "**Reference Banks**" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (3) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(iii) Minimum and/or Maximum Rate of Interest

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

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

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Senior Preferred Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount

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

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance

with this Condition 3(b):

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

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

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

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

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

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

- (v) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Senior Preferred Note having the minimum Specified Denomination. For the

purposes of this paragraph (v), the expression "**Amsterdam Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Amsterdam.

(vi) **Certificates to be Final**

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

(c) ***Accrual of Interest***

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

- (1) the date on which all amounts due in respect of such Senior Preferred Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*) or individually.

(d) ***Reference Rate Replacement***

If:

- (i) Reference Rate Replacement is specified in the applicable Final Terms as being applicable and Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined; and
- (ii) a Reference Rate Event has occurred when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Senior Preferred Notes:

- (1) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine:
 - (A) a Successor Reference Rate; or
 - (B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Senior Preferred Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3(d) during any other future Interest Period(s));

- (2) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Reference Rate or an Alternative

Reference Rate (in accordance with Condition 3(d)(1)) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) shall use reasonable endeavours to determine:

- (A) a Successor Reference Rate; or
- (B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Senior Preferred Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3(d) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

- (3) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 3(d):
 - (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(d));
 - (B) if the relevant Independent Adviser or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines to the best of its knowledge and capability (acting in good faith and in a commercially reasonable manner) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(d)); and
 - (C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:
 - (x) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) Business Center(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre and/or Relevant Screen Page applicable to the Senior Preferred Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Senior Preferred Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
 - (y) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Senior Preferred Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(d)); and

- (4) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 4(d)(3)(C) to the Fiscal Agent, the Calculation Agent and the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*).

No consent of the Senior Preferred Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate or Adjustment Spread (as applicable) as described in this Condition 3(d) or such other relevant changes pursuant to Condition 3(d)(3)(C), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement.

If a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 3(d) on or before the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 3(b)(ii)(B) (*Screen Rate Determination*).

An Independent Adviser appointed pursuant to this Condition 3(d) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Transfer Agent, the Registrars, the Paying Agents, the Calculation Agent, the Exchange Rate Agent or the Senior Preferred Noteholders for any determination made by it (or not made by it) pursuant to this Condition 3(d).

As used in this Condition 3(d):

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser or the Issuer (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Senior Preferred Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognized or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"Alternative Reference Rate" means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Reference Rate in customary market usage

in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

"Reference Rate" has the meaning given in the applicable Final Terms and shall be LIBOR, EURIBOR, Mid Swap Rate or Swap Offer Rate as specified in the applicable Final Terms, subject as provided in Condition 3(d) (*Reference Rate Replacement*).

"Reference Rate Event" means:

- (i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Senior Preferred Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (vi) it has or will become unlawful for the Calculation Agent, the Fiscal Agent or the Issuer to calculate any payments due to be made to any Senior Preferred Noteholder using the relevant Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable).

"Relevant Nominating Body" means, in respect of a reference rate:

- (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or

any part thereof.

"**Successor Reference Rate**" means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

4. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque,

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 (*Taxation*).

(b) Presentation of Senior Preferred Notes and Coupons

Payments of principal in respect of definitive Senior Preferred Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Senior Preferred Notes, and payments of interest in respect of definitive Senior Preferred Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent (in the case of any payments to be made in U.S. dollars, outside the United States (as defined below)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 6 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Senior Preferred Note is presented for redemption without all unmaturing Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a

Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Senior Preferred Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Senior Preferred Note.

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

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

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

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Senior Preferred Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

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

(c) ***Payment Day***

If the date for payment of any amount in respect of any Senior Preferred Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Final Terms), "**Payment Day**" means any day which (subject to Condition 7 (*Prescription*)) is:

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

- (A) in the case of definitive Senior Preferred Notes only: the relevant place of presentation; and
- (B) any Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (in the case of definitive Senior Preferred Notes only)(which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(d) Interpretation of Principal and Interest

Any reference in the Conditions to principal or nominal amount in respect of the Senior Preferred Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*);
- (ii) the Final Redemption Amount of the Senior Preferred Notes;
- (iii) the Early Redemption Amount of the Senior Preferred Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Senior Preferred Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Senior Preferred Notes.

Any reference in the Conditions to interest in respect of the Senior Preferred Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (*Taxation*).

5. Redemption and Purchase

(a) At Maturity

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

(b) Redemption for Tax Reasons

Unless otherwise specified in the applicable Final Terms, Senior Preferred Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Senior Preferred Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Senior Preferred Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any

change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Senior Preferred Notes.

Each Senior Preferred Note redeemed pursuant to this Condition 5(b) (*Redemption for Tax Reasons*) will be redeemed at its Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

- (i) not less than 15 nor more than 30 days' notice, or such other period of notice as is specified in the applicable Final Terms, to the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent, both of which notices shall be irrevocable),

redeem all but not some only of the Senior Preferred Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

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

If Investor Put is specified in the applicable Final Terms, upon the holder of any Senior Preferred Note giving to the Issuer in accordance with Condition 12 (*Notices*) not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Senior Preferred Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Senior Preferred Note its holder must, if this Senior Preferred Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands, deliver at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Senior Preferred Note or evidence satisfactory to the Paying Agent concerned that this Senior Preferred Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Senior Preferred Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg or, if applicable, Euroclear Netherlands, to exercise the right to require redemption of this Senior Preferred Note the holder of this Senior Preferred Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them or, if applicable, Euroclear Netherlands to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands from time to time and, if this Senior Preferred Note is represented by a Global Note, at the same time present or procure

the presentation of the relevant Global Note to the Agent for notation accordingly.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 8 (*Events of Default*), each Senior Preferred Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Senior Preferred Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") equal to the product of:
 - (A) the Reference Price; and
 - (B) the sum of the figure 1 and the Accrual Yield, raised to the power of x, where "x" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Senior Preferred Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Senior Preferred Note becomes due and repayable and the denominator of which is 360, or on such other Day Count Fraction as defined in Condition 3(b)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) as may be specified in the applicable Final Terms; and
- (iii) in any other case, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the Final Terms, at their nominal amount.

(f) Purchases

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

(g) Cancellation

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

(h) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 8 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph 5(e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by

the Agent and notice to that effect has been given to the Senior Preferred Noteholders, in accordance with Condition 12 (*Notices*).

6. Taxation

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

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Senior Preferred Notes or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Senior Preferred Notes or Coupons; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Senior Preferred Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Senior Preferred Notes 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 Senior Preferred Note or Coupon:
 - (i) presented for payment by or on behalf of a Senior Preferred Noteholder or Couponholder who is liable for such taxes or duties in respect of such Senior Preferred Note or Coupon by reason of his having some connection with The Netherlands other than the mere holding of such Senior Preferred Note or Coupon or the receipt of principal or interest in respect thereof; or
 - (ii) presented for payment by or on behalf of a Senior Preferred Noteholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
 - (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c) (*Payment Day*)).

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

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*).

7. Prescription

The Senior Preferred Notes 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 6 (*Taxation*)) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) (*Presentation of Senior Preferred Notes and Coupons*) or any Talon which would be void pursuant to Condition 4(b) (*Presentation of Senior Preferred Notes and Coupons*).

8. Events of Default

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

- (i) default is made for more than 30 days in the payment of interest or principal in respect of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer is declared bankrupt; or
- (iv) an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes,

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 5 (e) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

9. Replacement of Senior Preferred Notes, Coupons and Talons

Should any Senior Preferred Note, 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 Senior Preferred Notes, Coupons or Talons must be surrendered before replacements will be issued.

10. Agent and Paying Agents

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

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

- (i) so long as the Senior Preferred Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and

regulations of the relevant stock exchange;

- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe; and
- (iii) there will at all times be an Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b) (*Presentation of Senior Preferred Notes and Coupons*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*).

11. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Senior Preferred Note to which it appertains) a further Talon, subject to the provisions of Condition 7 (*Prescription*). Each Talon shall, for the purposes of the Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

12. Notices

All notices regarding the Senior Preferred Notes shall be published (i) in at least one daily newspaper of wide circulation in The Netherlands, which is expected to be *Het Financieele Dagblad*, (ii) (unless otherwise specified in the applicable Final Terms) in a leading English language daily newspaper of general circulation in London, which is expected to be the *Financial Times*, and (iii) if and for so long as the Senior Preferred Notes are listed on Euronext Amsterdam and Euronext Amsterdam so requires, by the delivery of the relevant notice to Euronext Amsterdam and through a press release which will also be made available on the website of the Issuer (www.abnamro.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 Senior Preferred Notes 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 Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Senior Preferred Notes, provided that for so long as any Senior Preferred Notes are listed on a stock exchange or are admitted to trading by another relevant resolution authority and the rules of that stock exchange or relevant resolution 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 of the Senior Preferred Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

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

13. Meetings of Senior Preferred Noteholders, Modification and Waiver

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

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

- (a) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Senior Preferred Noteholders; or
- (b) any modification of the Senior Preferred Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Senior Preferred Noteholders and the Couponholders and any such modification shall be notified to the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

14. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Senior Preferred Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Senior Preferred Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Senior Preferred Notes.

15. Substitution of the Issuer

- (a) The Issuer may, with the consent of the Senior Preferred Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Senior Preferred Notes on which no payment of principal or interest on any of the Senior Preferred Notes is in default and be replaced and substituted by either (A) any directly or indirectly wholly owned subsidiary of the Issuer or (B) any parent or holding company of the group of which the Issuer forms part at the relevant time (such substituting entity, the "**Substituted Debtor**") as principal debtor in respect of the Senior Preferred Notes and the relative Coupons provided that:
 - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be

necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Senior Preferred Noteholder and Couponholder to be bound by the Conditions of the Senior Preferred Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Senior Preferred Notes, and the relative Coupons and the Agency Agreement as the principal debtor in respect of the Senior Preferred Notes and the relative Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Senior Preferred Noteholder and each holder of the relative Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 6 (*Taxation*)) payable in respect of the Senior Preferred Notes and the relative Coupons;

- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Senior Preferred Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 6 (*Taxation*) with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Senior Preferred Noteholder and Couponholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition 15 (*Substitution of the Issuer*) and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Senior Preferred Noteholder or Couponholder by any political subdivision or taxing authority of any country in which such Senior Preferred Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Senior Preferred Noteholder;
- (iv) each stock exchange which has Senior Preferred Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such Senior Preferred Notes would continue to be listed on such stock exchange;
- (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Preferred Noteholders and Couponholders at the specified office of the Agent; and
- (vi) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the

Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Preferred Noteholders and Couponholders at the specified office of the Agent.

- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Senior Preferred Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Senior Preferred Noteholder or Couponholder, except as provided in paragraph (a)(ii) above, shall be entitled to claim from the Issuer or any Substituted Debtor under the Senior Preferred Notes and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (e) below having been given, the Substituted Debtor shall be deemed to be named in the Senior Preferred Notes and the relative Coupons as the principal debtor in place of the Issuer and the Senior Preferred Notes and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Senior Preferred Notes and the relative Coupons save that any claims under the Senior Preferred Notes and the relative Coupons prior to release shall ensure for the benefit of Senior Preferred Noteholders and Couponholders.
- (d) The Documents shall be deposited with and held by the Agent for so long as any Senior Preferred Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Senior Preferred Noteholder or Couponholder in relation to the Senior Preferred Notes or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Senior Preferred Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Senior Preferred Notes or the relative Coupons or the Documents.
- (e) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*).

16. Governing Law and Jurisdiction

(a) *Governing Law*

The Senior Preferred Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, the laws of The Netherlands, including the choice of court agreement set out below in Condition 16 (b) (*Jurisdiction*).

(b) *Jurisdiction*

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

FORM OF SENIOR NON-PREFERRED NOTES FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Senior Non-Preferred Notes issued under the Programme.

Date: []

ABN AMRO Bank N.V.

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

Issue of [Aggregate Nominal Amount of Tranche] [Title of Senior Non-Preferred Notes] (the "Senior Non-Preferred Notes")

under the Programme for the issuance of Medium Term Notes

PROHIBITION OF SALES TO RETAIL INVESTORS - The Senior Non-Preferred Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU ("**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Senior Non-Preferred Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Senior Non-Preferred Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Senior Non-Preferred Notes has led to the conclusion that: (i) the target market for the Senior Non-Preferred Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Senior Non-Preferred Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] Any person subsequently offering, selling or recommending the Senior Non-Preferred Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Senior Non-Preferred Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Senior Preferred Notes are ["prescribed capital markets products"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"/["Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Senior Non-Preferred Notes (the "**Conditions**") set forth in the base prospectus dated 10 July 2019 [as supplemented by a supplement dated [date]], which [together] constitute[s] a base prospectus (the "**Base**

Prospectus") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Senior Non-Preferred Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Senior Non-Preferred Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [www.abnamro.com/debtinvestors] Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in the Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date. N.B. when using a post-1 July 2012 approved base prospectus to tap a previous issue under a pre-1 July 2012 approved base prospectus, the final terms in the post-1 July 2012 base prospectus will take different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.]

Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") in the base prospectus dated [original date] [as supplemented by a supplement dated [date] [which are incorporated by reference in the Base Prospectus dated [●]]. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated [●] [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to it dated [●]]. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [www.abnamro.com/debtinvestors] Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in the Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any Senior Non-Preferred Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Senior Non-Preferred Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Senior Non-Preferred Notes is not exempt from tax (including for the reasons described above) shall include such interest, discount income, prepayment fee, redemption premium or break cost in a return of income made under the ITA.]¹⁶

The expression Prospectus Directive means Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or

¹⁶ include if the Notes are intended to qualify as "qualifying debt securities" ("**QDS**") for the purposes of the Income Tax Act, Chapter 134 of Singapore."

sub-paragraphs. Italics denote directions for completing the Final Terms.]

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

1. Issuer: ABN AMRO Bank N.V.
2. (i) Series Number: []
(i) Tranche Number: []
(ii) Date on which the Senior Non-Preferred Notes become fungible: [Not Applicable/The Senior Non-Preferred Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the *[insert earlier Tranches]* on *[[insert date]*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below [which is expected to occur on or about *[insert date]*].]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
– Tranche: []
– Series: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
6. (a) Specified Denominations:¹⁷ []

(Note – where multiple denominations above [EUR 100,000] or equivalent are being used the following sample wording should be followed:

"[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No Senior Non-Preferred Notes in definitive form will be issued with a denomination above [EUR 199,000].")

(N.B. If an issue of Senior Non-Preferred Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances

¹⁷ Denominations must be at least EUR 100,000 (or its equivalent in any other currency).

where a prospectus is not required to be published under the Prospectus Directive the EUR [100,000] minimum denomination is not required.)

- (a) Calculation Amount []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
- (i) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Senior Non-Preferred Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
9. Interest Basis: [[] per cent. Fixed Rate]
- [specify Reference Rate] +/- [] per cent. Floating Rate]
- [Zero Coupon]
- (See paragraph [14/15/16] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Senior Non-Preferred Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there/Not Applicable]
12. Put/Call Options: [Issuer Call]
- MREL Disqualification Event Call
- [(see paragraph 18/19 below)]
13. Status of the Notes: Senior Non-Preferred Notes

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) **Rate(s) of Interest:**

[[•]% per annum] [From (and including) [•] up to (but [excluding/including]) [•]] [the aggregate of [•] per cent. and the [Mid Swap Rate/Swap Offer Rate] per annum] [determined by the Agent] payable in arrear on each Interest Payment Date.]

["**Mid Swap Rate**"] means the [semi-] annual mid swap rate for [Euro][U.S. Dollar] swap transaction with a maturity of [•] years, expressed as a percentage, displayed on Bloomberg ICAE screen page [•] (or such other page as may replace that page on Bloomberg, or such other service as may be designated by the [Managers]/[Dealer] in consultation with the Issuer) at [•] [a.m./p.m.] ([•] time) on the [second] Business Day prior to [•].]

["**Swap Offer Rate**"] means the [semi-] annual swap offer rate for [Singapore \$] swap transactions with a maturity of [•] years, expressed as a percentage, displayed on the Bloomberg page "[SDSW[•] TPRA Curncy]" (or such other page as may replace that page on Bloomberg, or such other service as may be designated by the [Managers]/[Dealer] in consultation with the Issuer) at [•] [a.m./p.m.] ([Singapore] time) on the [second] Singapore business day prior to [•].]

(ii) **Interest Payment Date(s):**

[] in each year [up to and including the Maturity Date] [in each case subject to adjustment in accordance with the [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [and [] as Business Centre(s) for the definition of "Business Day"][, Unadjusted]]

(NB: This will need to be amended in the case of long or short coupons)

(iii) **Fixed Coupon Amount(s):**

[] per Calculation Amount

- (iv) Broken Amount(s): per Calculation Amount, payable on the Interest Payment Date falling in/on /Not Applicable]
- (v) Day Count Fraction: 30/360, Actual/Actual (ICMA) or Actual/365 (Fixed)]
- (vi) [Determination Date(s): in each year/Not Applicable]

(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration

NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]

- (vii) Reference Rate Determination: Yes/No]
- Reference Rate Replacement Applicable/Not Applicable]
- (Only applicable in case of Fixed Rate Notes that are subject to a reset.)*

15. Floating Rate Note Provisions

Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Interest Period(s):]
- (ii) First Interest Payment Date:]
- (iii) Specified Interest Payment Dates: Not Applicable/[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/not subject to any adjustments as the Business Day Convention set out in (iv) below is specified to be Not Applicable]
- (iv) Business Day Convention: Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] Not Applicable]
- (v) Unadjusted: No/Yes/Not applicable]

(Only applicable in case a Business Day

Convention applies. Insert "No" if the amount of interest payable in respect of the relevant Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)

- (vi) Business Centre(s): [specify/Not Applicable]
- (vii) Manner in which the Rate of Interest and Interest Amounts is to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Screen Rate Determination: [Yes/No]
- Reference Rate: [for example, LIBOR or EURIBOR]
 - Interest Determination Date(s): []
- (Second London business day prior to the start of each Interest Period if LIBOR (other than euro LIBOR) and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: []
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate due to the fallback provisions in the Conditions)*
- Relevant Time: [For example, 11.00 a.m. London time (in case of LIBOR)/Brussels time (in case of EURIBOR)]
 - Relevant Financial Centre: [For example, London (in case LIBOR)/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)(in case of EURIBOR)]
 - Reference Rate Replacement: [Applicable/Not Applicable]

- (ix) ISDA Determination: [Yes/No]
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (x) Linear Interpolation: Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xi) Margin(s): [+/-] [] per cent. per annum
- (xii) Minimum Rate of Interest: [] per cent. per annum
- (xiii) Maximum Rate of Interest: [] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)]

16. Zero Coupon Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Actual/Actual (ISDA)/Actual/365 (Fixed)/Actual/365 (Sterling)/Actual/360/30/360/30E/360/30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

17. Issuer Call:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s): [] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [] days
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
18. MREL Disqualification Event Call: [Full exclusion only/Full or partial exclusion]
- (i) Optional Redemption Amount(s): [] per Calculation Amount
- (ii) Notice period (if other than as set out in the Conditions): [] days
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
19. Final Redemption Amount of each Senior Non-Preferred Note: [] per Calculation Amount
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Senior Non-Preferred Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulations will apply.)*
20. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default: [] per Calculation Amount
21. Variation or Substitution: [Applicable / Not Applicable]
22. Condition 15 (*Substitution of the Issuer*) applies: [Yes/No]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Senior Non-Preferred Notes:

(a) Form:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Senior Non-Preferred Notes only upon an Exchange Event [[and] in respect of Global Notes deposited with Euroclear Netherlands only in the limited circumstances as described in the Wge and in accordance with the rules and regulations of Euroclear Netherlands].]

[Temporary Global Note exchangeable for definitive Senior Non-Preferred Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for definitive Senior Non-Preferred Notes only upon an Exchange Event [[and] in respect of Global Notes deposited with Euroclear Netherlands only in the limited circumstances as described in the Wge and in accordance with the rules and regulations of Euroclear Netherlands].]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Senior Non-Preferred Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Senior Non-Preferred Notes in paragraph 6 includes language substantially to the following effect: "[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Senior Non-Preferred Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Senior Non-Preferred Notes.)

(b) New Global Note:

[Yes][No]

[N.B. If the Senior Non-Preferred Notes are to be deposited with either Euroclear Bank S.A./N.V. or Clearstream Banking, S.A., it is intended that the Senior Non-Preferred Notes will be designated as New Global Notes. If the

Senior Non-Preferred Notes are to be deposited with Euroclear Netherlands, it is intended that the Senior Non-Preferred Notes will be designated as Classic Global Notes.]

24. Financial Centre(s): [Not Applicable/give details]
- (Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 16(vi) relates)
25. Talons for future Coupons to be attached to definitive Senior Non-Preferred Notes (and dates on which such Talons mature): [No/Yes. As the Senior Non-Preferred Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
26. For the purposes of Condition 12 (Notices), notices to be published in the Financial Times (generally yes, but not for domestic issues): [Yes/No]
27. Whether Condition 6(a) (Taxation) of the Senior Non-Preferred Notes applies (in which case Condition 5(b) (Redemption for Tax Reasons) of the Senior Non-Preferred Notes will not apply) or whether Condition 6(b) (Taxation) and Condition 5(b) (Redemption for Tax Reasons) of the Senior Non-Preferred Notes apply: [Condition 6(a) (Taxation) applies and Condition 5(b) (Redemption for Tax Reasons) does not apply/Condition 6(b) (Taxation) and Condition 5(b) (Redemption for Tax Reasons) apply]
28. Relevant Benchmark[s]: *[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation (Regulation (EU) 2016/1011)]/[Not Applicable].*

THIRD PARTY INFORMATION

[[Relevant third party information] relating to paragraph [•] above, which has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of ABN AMRO Bank N.V.:

By: _____
Duly authorised

By: _____
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Senior Non-Preferred Notes to be admitted to trading on [Euronext Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Senior Non-Preferred Notes to be admitted to trading on [Euronext Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [].]

[Not Applicable.]

(ii) Estimate of total expenses related to admission to trading:

[]

2. RATINGS

Ratings:

The Senior Non-Preferred Notes to be issued [have [not] been / are expected to be] rated:

[S & P: []]

[Moody's: []]

[Fitch: []]

[[Other]: []]

[and endorsed by [insert details including full legal name of credit rating agency/ies]]

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

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

Insert one (or more) of the following options, as applicable:

[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for *registration* under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]. *[[Insert full legal name of credit rating agency/ies]* [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**.) *[[Insert full legal name of credit rating agency/ies]* [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Senior Non-Preferred Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Senior Non-Preferred Notes has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

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

4. **[REASONS FOR THE OFFER**

Reasons for the Offer

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer are different will need to include those reasons here. In case Green Bonds are issued, the category of Eligible Assets must be specified.)]

5. **YIELD** *(Fixed Rate Notes only)*

Indication of yield:

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

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

7. **OPERATIONAL INFORMATION**

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) [FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]]
- (iv) [CFI Code: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]]
- (v) [*Other relevant code:*] []
- (vi) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/give name(s) and numbers(s)][*N.B. If the Senior Non-Preferred Notes are designated as NGNs, this must be "Not Applicable"*]
[*If Euroclear Netherlands is selected, and in item 24 Temporary Global Note exchangeable for definitive Senior Non-Preferred Notes on and after the Exchange Date is selected, further legal advice is required.*]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Names and addresses of initial Paying Agent(s) (if any): []
- (ix) Names and addresses of additional Paying Agent(s) (if any): []
- (x) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” does not necessarily mean that the Senior Non-Preferred Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

The Senior Non-Preferred Notes will be deposited initially upon issue with one of the ICSDs acting as common safekeeper.]

[No.

Whilst the designation is specified as “no”, should the Eurosystem eligibility criteria be amended in the future such that the Senior Non-Preferred Notes are capable of meeting them, the Senior Non-Preferred Notes may then be deposited with one of the ICSDs acting as common safekeeper. Note that this does not mean that the Senior Non-Preferred Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

8. DISTRIBUTION

- | | | |
|-------|---|--|
| (i) | Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [Not Applicable] |
| (iii) | Stabilisation Manager(s) (if any): | [Not Applicable/ <i>give name</i>] |
| (iv) | If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>specify name [and address] of dealer</i>] |
| (v) | U.S. Selling Restrictions: | [Regulation S Category 2; TEFRA D/TEFRA C/TEFRA not applicable] ¹⁸ |
| (vi) | [Additional selling restrictions: | The Senior Non-Preferred Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, in the Republic of China (Taiwan), to investors other than "professional investors" as defined under Paragraph 1, Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds (" Professional Investors "). Purchasers of the Senior Non-Preferred Notes are not permitted to sell or otherwise dispose of the Senior Non-Preferred Notes except by transfer to a Professional Investor.] |

¹⁸ TEFRA will only apply in respect of issues of Notes with a maturity of more than one year.

TERMS AND CONDITIONS OF THE SENIOR NON-PREFERRED NOTES

The following are the Terms and Conditions of Senior Non-Preferred Notes to be issued by the Issuer which will be incorporated by reference into each Global Note representing each Series and which will be endorsed on (or, if permitted by the relevant stock exchange and agreed between the Issuer and the relevant Dealer (if any), incorporated by reference into) each definitive Senior Non-Preferred Note in the standard euromarket form. The applicable Final Terms in relation to any Tranche of Senior Non-Preferred Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Senior Non-Preferred Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Note representing each Series and definitive Senior Non-Preferred Note in the standard euromarket form. Reference should be made to "Form of the Notes" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.

This Senior Non-Preferred Note is one of a series of Senior Non-Preferred Notes issued by ABN AMRO Bank N.V. (in such capacity, the "**Issuer**", which expression shall include any substituted debtor or transferee pursuant to Condition 15 (*Substitution of the Issuer*) or Condition 5(i) (*Statutory Loss Absorption of Subordinated Notes*)) pursuant to the Agency Agreement (as defined below). References herein to the "**Senior Non-Preferred Notes**" shall be references to the Senior Non-Preferred Notes of this Series (as defined below) and shall mean (i) in relation to any Senior Non-Preferred Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Senior Non-Preferred Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The Senior Non-Preferred Notes and the Coupons (as defined below) also have the benefit of an Agency Agreement dated 10 July 2019 (as supplemented or amended from time to time, the "**Agency Agreement**") made between the Issuer, ABN AMRO Bank N.V. as issuing and principal paying agent and agent bank (in such capacity the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Senior Non-Preferred Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Any reference herein to "**Senior Non-Preferred Noteholders**" shall mean the holders of the Senior Non-Preferred Notes, and shall, in relation to any Senior Non-Preferred Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons, and holders of Talons shall be referred to herein as "**Talonholders**". Any holders mentioned above include those having a credit balance in the collective depots held by Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Netherlands**") or one of its participants.

The Final Terms for this Senior Non-Preferred Note is endorsed hereon or attached hereto and supplements these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Senior Non-Preferred Note. References herein to the "**applicable Final Terms**" are to the Final Terms for this Senior Non-Preferred Note.

As used herein, "**Tranche**" means Senior Non-Preferred Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Senior Non-Preferred Notes together with any further Tranche or Tranches of Senior Non-Preferred Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement and the applicable Final Terms are available for viewing at the specified offices of each of the Agent and the other Paying Agents and at the registered offices of the Issuer and of the Agent and copies may be obtained from those offices. The Senior Non-Preferred Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated. Any references in these Conditions to any particular provision, article, clause, section or paragraph of a law, directive, regulation or other legislation shall include such provision, article, clause, section or paragraph as consolidated, amended, re-enacted or replaced).

1. Form, Denomination and Title

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

This Senior Non-Preferred Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Senior Non-Preferred Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

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

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

Where Senior Non-Preferred Notes represented by a permanent Global Note are deposited with Euroclear Netherlands, a Senior Non-Preferred Noteholder shall not have the right to request delivery (*uitlevering*) of his Senior Non-Preferred Notes under the Wge other than as set out in the Global Note and in accordance with the rules and regulations of Euroclear Netherlands.

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

2. Status and Ranking of the Senior Non-Preferred Notes

- (a) The Senior Non-Preferred Notes qualify as, and comprise part of the class of, Statutory Senior Non-Preferred Obligations and constitute unsubordinated and unsecured obligations of the Issuer and, save for those preferred by mandatory and/or overriding provisions of law, rank (i) in the event of liquidation or bankruptcy (*faillissement*) of the Issuer, *pari passu* and without any preference among themselves and with all other present and future obligations of the Issuer qualifying as Statutory Senior Non-Preferred Obligations, (ii) in the event of the bankruptcy (*faillissement*) of the Issuer only, junior to any present and future unsubordinated and unsecured obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations and (iii) in the event of liquidation or bankruptcy (*faillissement*) of the Issuer, senior to any Junior Obligations.

By virtue of such ranking, payments to Senior Non-Preferred Noteholders will, in the event of the bankruptcy (*faillissement*) of the Issuer, only be made after all claims in respect of unsubordinated and unsecured obligations of the Issuer which do not qualify as Statutory Senior Non-Preferred Obligations have been satisfied.

- (b) *No set-off*

No Senior Non-Preferred Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Senior Non-Preferred Notes.

As used in this Condition 2 (*Status and ranking of the Senior Non-Preferred Notes*):

"**Junior Obligations**" means any present and future claims in respect of obligations of the Issuer which rank or are expressed to rank, subordinated to claims in respect of unsubordinated and unsecured obligations of the Issuer (including Statutory Senior Non-Preferred Obligations); and

"**Statutory Senior Non-Preferred Obligations**" (*niet preferente niet achtergestelde schuld*) means any present and future claims in respect of unsubordinated and unsecured obligations of the Issuer which have a lower ranking within the meaning of article 212rb of the Dutch Bankruptcy Act (*Faillissementswet*) (or any other provision implementing article 108 of Directive 2014/59/EU, as amended by Directive (EU) 2017/2399, in The Netherlands) than the claims in respect of all other unsubordinated and unsecured obligations of the Issuer.

3. Interest

- (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

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

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

Date.

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

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

If a Business Day Convention is specified in the applicable Final Terms, the number of days for calculating the amount of interest payable in respect of the relevant Fixed Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System (or any successor thereto) is open. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

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

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of

interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 3:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (a) in the case of Senior Non-Preferred Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
 - (b) in the case of Senior Non-Preferred Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Fixed Interest Period divided by 365.

Where Mid Swap Rate or Swap Offer Rate and Reference Rate Replacement are specified in the applicable Final Terms as being applicable and the Agent is unable to determine the applicable Mid Swap Rate or Swap Offer Rate at the relevant time, the applicable Mid Swap Rate or Swap Offer Rate will be the rate as determined in accordance with Condition 3(d) (*Reference Rate Replacement*), **provided that**, if no such rate can be determined in accordance with Condition 3(d) (*Reference Rate Replacement*) or if Reference Rate Replacement is not specified in the applicable Final Terms as being applicable, the applicable Mid Swap Rate or Swap Offer Rate will be the rate as last applied in relation to the Senior Non-Preferred Notes in respect of the immediately preceding Fixed Interest Period.

In these Conditions:

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the

next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

"**euro**" 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 Communities, as amended; and

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

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

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

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

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

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

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

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

If a Business Day Convention is specified in the applicable Final Terms, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) Rate of Interest

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

(A) ISDA Determination

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

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

applicable Final Terms; and

- (4) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

- (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 3(b)(iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

- (B) Screen Rate Determination

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

- (1) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (2) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
- (A) one rate shall be determined as if the Relevant Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
- (B) the other rate shall be determined as if the Relevant Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (3) in any other case, the Agent will determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (4) if, in the case of (1) above, such rate does not appear on that page or, in the case of (3) above, fewer than three such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such quotations;
- (5) if fewer than two such quotations as referred to in (4) above are provided as requested, the Agent will determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date in the Relevant Financial Centre of the Specified Currency, deposits in the Specified Currency for the relevant Interest Period by leading banks in the Relevant Financial Centre of the Specified Currency or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the Relevant Financial Centre of the Specified Currency;
- (6) If, in the case of (3) above, five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Senior Non-Preferred Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Senior Non-Preferred Notes in respect of a

preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

In this Condition 3, the expression "**Reference Banks**" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (3) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(iii) Minimum and/or Maximum Rate of Interest

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

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

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Senior Non-Preferred Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount

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

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(b):

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

of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

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

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

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

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

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

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

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

- (v) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Senior Non-Preferred Noteholders in accordance with Condition 12 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Senior Non-Preferred Note having the minimum Specified Denomination. For the purposes of this paragraph (v), the expression "**Amsterdam Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Amsterdam.

(vi) Certificates to be Final

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

(c) **Accrual of Interest**

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

- (1) the date on which all amounts due in respect of such Senior Non-Preferred Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Senior Non-Preferred Noteholders in accordance with Condition 12 (*Notices*) or individually.

(d) **Reference Rate Replacement**

If:

- (i) Reference Rate Replacement is specified in the applicable Final Terms as being applicable and Reference Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined; and
- (ii) a Reference Rate Event has occurred when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Senior Preferred Notes:

- (1) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine:
 - (A) a Successor Reference Rate; or
 - (B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Senior Preferred Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3(d) during any other future Interest Period(s));

- (2) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Reference Rate or an Alternative Reference Rate (in accordance with Condition 3(d)(1)) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) shall

use reasonable endeavours to determine:

- (A) a Successor Reference Rate; or
- (B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Senior Preferred Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3(d) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

- (3) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 3(d):
 - (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(d));
 - (B) if the relevant Independent Adviser or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines to the best of its knowledge and capability (acting in good faith and in a commercially reasonable manner) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(d)); and
 - (C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:
 - (x) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre and/or Relevant Screen Page applicable to the Senior Preferred Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Senior Preferred Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
 - (y) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Senior Preferred Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(d)); and

- (4) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 3(d)(3)(C) to the Fiscal Agent, the Calculation Agent and the Senior Preferred Noteholders in accordance with Condition 12 (*Notices*).

No consent of the Senior Preferred Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate or Adjustment Spread (as applicable) as described in this Condition 3(d) or such other relevant changes pursuant to Condition 3(d)(3)(C), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement.

If a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 3(d) on or before the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 3(b)(ii)(B) (*Screen Rate Determination*).

An Independent Adviser appointed pursuant to this Condition 3(d) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Transfer Agent, the Registrars, the Paying Agents, the Calculation Agent, the Exchange Rate Agent or the Senior Preferred Noteholders for any determination made by it (or not made by it) pursuant to this Condition 3(d).

Notwithstanding any other provision of this Condition 3(d), no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Senior Non-Preferred Notes will be made pursuant to this Condition 3(d), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to:

- (i) prejudice the qualification of the Senior Non-Preferred Notes as MREL Eligible Liabilities; and/or
- (ii) result in the Competent Authority treating the next Interest Payment Date as the effective maturity of the Senior Non-Preferred Notes, rather than the relevant Maturity Date.

As used in this Condition 3(d):

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser or the Issuer (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Senior Preferred Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which

reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or

- (iii) if no such customary market usage is recognized or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"Alternative Reference Rate" means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

"Reference Rate" has the meaning given in the applicable Final Terms and shall be LIBOR, EURIBOR, Mid Swap Rate or Swap Offer Rate as specified in the applicable Final Terms, subject as provided in Condition 3(d) (*Reference Rate Replacement*).

"Reference Rate Event" means:

- (ii) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (iii) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Senior Preferred Notes; or
- (vi) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (vii) it has or will become unlawful for the Calculation Agent, the Fiscal Agent or the Issuer to calculate any payments due to be made to any Senior Non-Preferred Noteholder using the relevant Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable).

"Relevant Nominating Body" means, in respect of a reference rate:

- (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"Successor Reference Rate" means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

4. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque,

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

(b) Presentation of Senior Non-Preferred Notes and Coupons

Payments of principal in respect of definitive Senior Non-Preferred Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Senior Non-Preferred Notes, and payments of interest in respect of definitive Senior Non-Preferred Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent (in the case of any payments to be made in U.S. dollars, outside the United States (as defined below)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 6) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its

Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Senior Non-Preferred Note is presented for redemption without all unmaturing Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Senior Non-Preferred Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Senior Non-Preferred Note.

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

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

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

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Senior Non-Preferred Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

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

(c) *Payment Day*

If the date for payment of any amount in respect of any Senior Non-Preferred Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Final Terms), "**Payment Day**" means any day which (subject to Condition 7 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of definitive Senior Non-Preferred Notes only: the relevant place of presentation; and
 - (B) any Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (in the case of definitive Senior Non-Preferred Notes only)(which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(d) Interpretation of Principal and Interest

Any reference in the Conditions to principal or nominal amount in respect of the Senior Non-Preferred Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 6;
- (ii) the Final Redemption Amount of the Senior Non-Preferred Notes;
- (iii) the Early Redemption Amount of the Senior Non-Preferred Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Senior Non-Preferred Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Senior Non-Preferred Notes,

and shall be deemed to exclude any amount written down or converted (if any) pursuant to Condition 5(i) (*Statutory Loss Absorption of Senior Non-Preferred Notes*).

Any reference in the Conditions to interest in respect of the Senior Non-Preferred Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6.

5. Redemption and Purchase

(a) At Maturity

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

(b) *Redemption for Tax Reasons*

Unless otherwise specified in the applicable Final Terms, Senior Non-Preferred Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Senior Non-Preferred Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Senior Non-Preferred Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Senior Non-Preferred Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Senior Non-Preferred Notes.

Any redemption of Senior Non-Preferred Notes in accordance with this Condition 5(b) is subject to (i) the Issuer obtaining the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given and (ii) compliance with any other pre-conditions to, or requirements applicable to, such redemption as may be required by the Competent Authority or the Applicable MREL Regulations at such time.

Each Senior Non-Preferred Note redeemed pursuant to this Condition 5(b) will be redeemed at its Early Redemption Amount referred to in paragraph 5(e) (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

- (i) not less than 15 nor more than 30 days' notice, or such other period of notice as is specified in the applicable Final Terms, to the Senior Non-Preferred Noteholders in accordance with Condition 12 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent, both of which notices shall be irrevocable),

redeem all but not some only of the Senior Non-Preferred Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any redemption of Senior Non-Preferred Notes in accordance with this Condition 5(c) is subject to (i) the Issuer obtaining the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given and (ii) compliance with any other pre-conditions to, or requirements applicable to, such redemption as may be required by the Competent Authority or the Applicable MREL Regulations at such time.

(d) *Redemption, substitution and variation of Senior Non-Preferred Notes due to MREL Disqualification Event*

If a MREL Disqualification Event has occurred, the Issuer may at its option, and having given not less than 30 nor more than 60 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable) to the Senior Non-Preferred Noteholders, redeem at any time (in the case of Senior Non-Preferred Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), in accordance with the Conditions, all, but not some only, of the Senior Non-

Preferred Notes at the Optional Redemption Amount specified in the applicable Final Terms together with accrued interest (if any) to but excluding the date of redemption.

A "**MREL Disqualification Event**" shall occur if, as a result of any amendment to, or change in, any Applicable MREL Regulations, or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the first Tranche of the Senior Non-Preferred Notes, the Senior Non-Preferred Notes are or (in the opinion of the Issuer or the Competent Authority) are likely to become:

- (a) if "*MREL Disqualification Event – Full Exclusion*" is specified in the applicable Final Terms, fully excluded; or
- (b) if "*MREL Disqualification Event – Full or Partial Exclusion*" is specified in the applicable Final Terms, fully or partially excluded,

in each case, from the Issuer's MREL Eligible Liabilities determined in accordance with, and pursuant to, the Applicable MREL Regulations; **provided that** a MREL Disqualification Event shall not occur where the exclusion of the Senior Non-Preferred Notes from the relevant minimum requirement(s) is due to (i) the remaining maturity of the Senior Non-Preferred Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the Applicable MREL Regulations effective with respect to the Issuer on the Issue Date of the first Tranche of the Senior Non-Preferred Notes or (ii) any applicable limits on the amount of MREL Eligible Liabilities permitted or allowed to meet the MREL Requirement.

If Variation or Substitution is specified in the applicable Final Terms and if as a result of a MREL Disqualification Event the whole of the outstanding nominal amount of the Senior Non-Preferred Notes can no longer be, or is likely to become no longer, included in full as MREL Eligible Liabilities, then the Issuer may, subject to the below (but without any requirement for the permission of the Senior Non-Preferred Noteholders) and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Senior Non-Preferred Noteholders, either substitute all, but not some only, of the Senior Non-Preferred Notes or vary the terms of the Senior Non-Preferred Notes so that they remain or, as appropriate, become MREL Eligible Liabilities within the meaning of the Applicable MREL Regulations at the relevant time. Upon the expiry of the notice referred to above, the Issuer shall either vary the terms of, or substitute, the Senior Non-Preferred Notes in accordance with this Condition 5(d), as the case may be, **provided that** such substitution or variation shall not result in terms that are materially less favorable to the Senior Non-Preferred Noteholders. For the avoidance of doubt, the Competent Authority has discretion as to whether or not it will approve any such substitution or variation of the Senior Non-Preferred Notes.

Following such variation or substitution the resulting securities shall (1) have a ranking at least equal to that of the Senior Non-Preferred Notes, (2) have at least the same interest rate and the same interest payment dates as those from time to time applying to the Senior Non-Preferred Notes, (3) have the same Maturity Date and redemption rights as the Senior Non-Preferred Notes, (4) preserve any existing rights under the Senior Non-Preferred Notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of variation or substitution, (5) have assigned (or maintain) the same (solicited) credit ratings as were assigned to the Senior Non-Preferred Notes immediately prior to such variation or substitution and (6) be listed on a recognized stock exchange if the Senior Non-Preferred Notes were listed immediately prior to such variation or substitution.

Any redemption or substitution and variation of Senior Non-Preferred Notes in accordance with this Condition 5(d) is subject to (i) the Issuer obtaining the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given and (ii) compliance with any other pre-conditions to, or requirements applicable to, such redemption, substitution or variation as may be required by the Competent Authority or the Applicable MREL Regulations at such time.

(e) **Early Redemption Amounts**

Subject to paragraph (i) below, for the purpose of paragraph (b) above and Condition 8 (*Events of Default*), each Senior Non-Preferred Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Senior Non-Preferred Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") equal to the product of:
 - (A) the Reference Price; and
 - (B) the sum of the figure 1 and the Accrual Yield, raised to the power of x, where "x" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Senior Non-Preferred Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Senior Non-Preferred Note becomes due and repayable and the denominator of which is 360, or on such other Day Count Fraction as defined in Condition 3(b)(iv)(*Determination of Rate of Interest and Calculation of Interest Amounts*) as may be specified in the applicable Final Terms; and
- (iii) in any other case, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the Final Terms, at their nominal amount.

(f) **Purchases**

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. Any purchase of Senior Non-Preferred Notes in accordance with this Condition 5(f) is subject to (i) the Issuer obtaining the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given and (ii) compliance with any other pre-conditions to, or requirements applicable to, such purchase as may be required by the Competent Authority or the Applicable MREL Regulations at such time.

(g) **Cancellation**

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

(h) **Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 8 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph 5(e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Senior Non-Preferred Noteholders, in accordance with Condition 12 (*Notices*).

(i) ***Statutory Loss Absorption of Senior Non-Preferred Notes***

Senior Non-Preferred Notes may become subject to the determination by the Resolution Authority or the Issuer (following instructions from the Resolution Authority) that without the consent of the Senior Non-Preferred Noteholder all or part of the nominal amount of the Senior Non-Preferred Notes, including accrued but unpaid interest in respect thereof, must be written down, reduced, redeemed and cancelled or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework ("**Statutory Loss Absorption**"). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Senior Non-Preferred Notes subject to Statutory Loss Absorption shall be written down, reduced, redeemed and cancelled or converted into common equity Tier 1 instruments or otherwise be applied to absorb losses, as prescribed by the Applicable Resolution Framework, (ii) such Statutory Loss Absorption shall not constitute an Event of Default and (iii) the Senior Non-Preferred Noteholders will have no further claims in respect of the amount so written down or subject to conversion or otherwise as a result of such Statutory Loss Absorption.

Upon any write-down or conversion of a proportion of the outstanding nominal amount of the Senior Non-Preferred Notes, any reference in these Conditions to principal, nominal amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount of the Senior Non-Preferred Notes shall be deemed to be to the amount resulting after such write-down or conversion.

In addition, subject to the determination by the Resolution Authority and without the consent of the Senior Non-Preferred Noteholders, the Senior Non-Preferred Notes may be subject to other resolution measures as envisaged under the Applicable Resolution Framework, such as replacement or substitution of the Issuer, transfer of the Senior Non-Preferred Notes, expropriation of Senior Non-Preferred Noteholders, modification of the terms of the Senior Non-Preferred Notes and/or suspension or termination of the listings of the Senior Non-Preferred Notes. Such determination, the implementation thereof and the rights of Senior Non-Preferred Noteholders shall be as prescribed by the Applicable Resolution Framework, which may include the concept that, upon such determination, no Senior Non-Preferred Noteholder shall be entitled to claim any indemnification or payment in respect of any tax or other consequences arising from any such event and that any such event shall not constitute an Event of Default.

(j) ***Definitions***

In these Conditions:

"**Applicable MREL Regulations**" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to the MREL Requirement then in effect and applicable to the Issuer (whether on a solo or (sub)consolidated basis) including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to the MREL Requirement adopted by the Competent Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards or policies have force of law and whether or not they are applied generally or specifically to the Issuer);

"**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;

"Competent Authority" means the European Central Bank, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the relevant Resolution Authority (if applicable), as determined by the Issuer;

"MREL Eligible Liabilities" means "eligible liabilities" (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer (whether on a solo or (sub)consolidated basis) under Applicable MREL Regulations;

"MREL Requirement" means the requirement for own funds and eligible liabilities, which is or, as the case may be, will be, applicable to the Issuer (whether on a solo or (sub)consolidated basis); and

"Resolution Authority" means the European Single Resolution Board, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Senior Non-Preferred Notes pursuant to the Applicable Resolution Framework.

6. Taxation

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

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Senior Non-Preferred Notes or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Senior Non-Preferred Notes or Coupons; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Senior Non-Preferred Notes or Coupons after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Senior Non-Preferred Notes 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 Senior Non-Preferred Note or Coupon:
 - (i) in respect of payment of any amount of principal; or
 - (ii) presented for payment by or on behalf of a Senior Non-Preferred Noteholder or Couponholder who is liable for such taxes or duties in respect of such Senior Non-Preferred Note or Coupon by reason of his having some connection with The Netherlands other than the mere holding of such Senior Non-Preferred Note or

Coupon or the receipt of principal or interest in respect thereof; or

- (iii) presented for payment by or on behalf of a Senior Non-Preferred Noteholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c) (*Payment Day*)).

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

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Senior Non-Preferred Noteholders in accordance with Condition 12 (*Notices*).

7. Prescription

The Senior Non-Preferred Notes 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 6) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) (*Presentation of Senior Non-Preferred Notes and Coupons*) or any Talon which would be void pursuant to Condition 4(b) (*Presentation of Senior Non-Preferred Notes and Coupons*).

8. Events of Default

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

- (i) the Issuer is declared bankrupt; or
- (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 Senior Non-Preferred Notes,

then any Senior Non-Preferred Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Senior Non-Preferred Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition (e) (*Early Redemption Amounts*), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind provided that repayment of Senior Non-Preferred Notes under this Condition 8 (*Events of Default*) will only be effected after the Issuer has obtained the prior written permission of the Competent Authority provided

that at the relevant time such permission is required to be given.

9. Replacement of Senior Non-Preferred Notes, Coupons and Talons

Should any Senior Non-Preferred Note, 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 Senior Non-Preferred Notes, Coupons or Talons must be surrendered before replacements will be issued.

10. Agent and Paying Agents

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

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

- (i) so long as the Senior Non-Preferred Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe; and
- (iii) there will at all times be an Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b) (*Presentation of Senior Non-Preferred Notes and Coupons*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Senior Non-Preferred Noteholders in accordance with Condition 12 (*Notices*).

11. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Senior Non-Preferred Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Events of Default*). Each Talon shall, for the purposes of the Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

12. Notices

All notices regarding the Senior Non-Preferred Notes shall be published (i) in at least one daily newspaper of wide circulation in The Netherlands, which is expected to be *Het Financieele Dagblad*, (ii) (unless otherwise specified in the applicable Final Terms) in a leading English language daily newspaper of general circulation in London, which is expected to be the *Financial Times*, and (iii) if and for so long as the Senior Non-Preferred Notes are listed on Euronext Amsterdam and Euronext Amsterdam so requires, by the delivery of the relevant notice to Euronext Amsterdam and through a press release which will also be made available on the website of the Issuer (www.abnamro.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 Senior Non-Preferred Notes 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 Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Senior Non-Preferred Notes, provided that for so long as any Senior Non-Preferred Notes are listed on a stock exchange or are admitted to trading by another relevant resolution authority and the rules of that stock exchange or relevant resolution 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 of the Senior Non-Preferred Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

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

13. Meetings of Senior Non-Preferred Noteholders, Modification and Waiver

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

The Agent and the Issuer may agree, without the consent of the Senior Non-Preferred Noteholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Senior Non-Preferred Noteholders; or
- (b) any modification of the Senior Non-Preferred Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (c) in accordance with Condition 5(d) (*Redemption, substitution and variation of Senior Non-Preferred Notes due to MREL Disqualification Event*), substitution of the Senior Non-

Preferred Notes or variation of the terms of the Senior Non-Preferred Notes in order to ensure that such substituted or varied Senior Non-Preferred Notes continue to qualify as MREL Eligible Liabilities under the Applicable MREL Regulations or such other regulatory capital rules applicable to the Issuer at the relevant time.

Any such modification shall be binding on the Senior Non-Preferred Noteholders and the Couponholders and any such modification shall be notified to the Senior Non-Preferred Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

Any amendment to Condition 5(i) (*Statutory loss absorption of the Senior Non-Preferred Notes*) or which otherwise impacts upon the eligibility of the Senior Non-Preferred Notes for eligibility as MREL Eligible Liabilities is subject to the prior written permission of the Competent Authority and/or the relevant Resolution Authority (**provided that**, at the relevant time, such permission is required to be given).

14. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Senior Non-Preferred Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Senior Non-Preferred Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Senior Non-Preferred Notes.

15. Substitution of the Issuer

(a) The Issuer may, with the consent of the Senior Non-Preferred Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Senior Non-Preferred Notes on which no payment of principal or of interest on any of the Senior Non-Preferred Notes is in default and after written approval of the Competent Authority (if so required at the relevant time), be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (such substituting entity, the "**Substituted Debtor**") as principal debtor in respect of the Senior Non-Preferred Notes and the relative Coupons provided that:

- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Senior Non-Preferred Noteholder and Couponholder to be bound by the Conditions of the Senior Non-Preferred Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Senior Non-Preferred Notes, and the relative Coupons and the Agency Agreement as the principal debtor in respect of the Senior Non-Preferred Notes and the relative Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Senior Non-Preferred Noteholder and each holder of the relative Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 6 (*Taxation*)) payable in respect of the Senior Non-Preferred Notes and the relative Coupons;
- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Senior Non-Preferred Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 6 with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Senior Non-Preferred Noteholder and Couponholder against all

liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition 15 (*Substitution of the Issuer*) and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Senior Non-Preferred Noteholder or Couponholder by any political subdivision or taxing authority of any country in which such Senior Non-Preferred Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Senior Non-Preferred Noteholder;
 - (iv) each stock exchange which has Senior Non-Preferred Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such Senior Non-Preferred Notes would continue to be listed on such stock exchange;
 - (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Non-Preferred Noteholders and Couponholders at the specified office of the Agent; and
 - (vi) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Senior Non-Preferred Noteholders and Couponholders at the specified office of the Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Senior Non-Preferred Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Senior Non-Preferred Noteholder or Couponholder, except as provided in paragraph (a)(ii) above, shall be entitled to claim from the Issuer or any Substituted Debtor under the Senior Non-Preferred Notes and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition, the Documents shall provide for such further amendment of the Conditions of the Senior Non-Preferred Notes as shall be necessary or desirable to ensure that the Senior Non-Preferred Notes of such Series constitute Statutory Senior Non-Preferred Obligations of the Substituted Debtor and that the Guarantee constitutes a Statutory Senior Non-Preferred Obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Senior Non-

Preferred Notes of such Series under Condition 2 (*Status and ranking of the Senior Non-Preferred Notes*).

- (d) The Issuer shall be entitled, after written approval of the Competent Authority (if so required at the relevant time) and by notice to the Senior Non-Preferred Noteholders given in accordance with Condition 12 (*Notices*), at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Senior Non-Preferred Noteholders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (g) below having been given, the Substituted Debtor shall be deemed to be named in the Senior Non-Preferred Notes and the relative Coupons as the principal debtor in place of the Issuer and the Senior Non-Preferred Notes and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Senior Non-Preferred Notes and the relative Coupons save that any claims under the Senior Non-Preferred Notes and the relative Coupons prior to release shall ensure for the benefit of Senior Non-Preferred Noteholders and Couponholders.
- (f) The Documents shall be deposited with and held by the Agent for so long as any Senior Non-Preferred Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Senior Non-Preferred Noteholder or Couponholder in relation to the Senior Non-Preferred Notes or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Senior Non-Preferred Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Senior Non-Preferred Notes or the relative Coupons or the Documents.
- (g) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Senior Non-Preferred Noteholders in accordance with Condition 12 (*Notices*).
- (h) This Condition 15 (*Substitution of the Issuer*) is only applicable to the Senior Non-Preferred Notes if the applicable Final Terms so specify.

16. Governing Law and Jurisdiction

(a) *Governing Law*

The Senior Non-Preferred Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, the laws of The Netherlands, including the choice of court agreement set out below in condition 16(b) (*Jurisdiction*).

(b) *Jurisdiction*

The Issuer irrevocably agrees, for the benefit of the Senior Non-Preferred Noteholders, the Couponholders and the Talonholders, that the courts of Amsterdam are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Senior Non-Preferred Notes, the Coupons and/or the Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Senior Non-Preferred Notes, the Coupons and/or the Talons) and accordingly submits to the exclusive jurisdiction of the Amsterdam courts.

FORM OF SUBORDINATED NOTES FINAL TERMS

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

Date: []

ABN AMRO Bank N.V.

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

Issue of [Aggregate Nominal Amount of Tranche] [Title of Subordinated Notes] (the "Subordinated Notes")

under the Programme for the issuance of Medium Term Notes

PROHIBITION OF SALES TO RETAIL INVESTORS - The Subordinated Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU ("**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Subordinated Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Subordinated Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Senior Preferred Notes are ["prescribed capital markets products"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and ["Excluded Investment Products"/["Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Subordinated Notes (the "**Conditions**") set forth in the base prospectus dated 10 July 2019 [as supplemented by a supplement dated [date]], which [together] constitute[s] a base prospectus (the "**Base**

Prospectus") for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Subordinated Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Subordinated Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [www.abnamro.com/debtinvestors] Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in the Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date. N.B. when using a post-1 July 2012 approved base prospectus to tap a previous issue under a pre-1 July 2012 approved base prospectus, the final terms in the post-1 July 2012 base prospectus will take different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.]

Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") in the base prospectus dated [original date] [as supplemented by a supplement dated [date] [which are incorporated by reference in the Base Prospectus dated [●]]. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the base prospectus dated [●] [as supplemented by a supplement dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to it dated [●]]. Full information on the Issuer and the offer of the securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on [www.abnamro.com/debtinvestors] Any information contained in or accessible through any website, including [http://www.abnamro.com/ir], does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in the Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.]

[Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any Subordinated Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), shall not apply if such person acquires such Subordinated Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Subordinated Notes is not exempt from tax (including for the reasons described above) shall include such interest, discount income, prepayment fee, redemption premium or break cost in a return of income made under the ITA.]¹⁹

The expression Prospectus Directive means Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

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

¹⁹ include if the Notes are intended to qualify as "qualifying debt securities" ("**QDS**") for the purposes of the Income Tax Act, Chapter 134 of Singapore."

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

1. Issuer: ABN AMRO Bank N.V.
2. (i) Series Number: []
(i) Tranche Number: []
(ii) Date on which the Subordinated Notes become fungible: [Not Applicable/The Subordinated Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [insert earlier Tranches] on [[insert date]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below [which is expected to occur on or about [insert date]].]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
– Tranche: []
– Series: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (a) Specified Denominations:²⁰ []

(Note – where multiple denominations above [EUR 100,000] or equivalent are being used the following sample wording should be followed:

"[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No Subordinated Notes in definitive form will be issued with a denomination above [EUR 199,000].")

(N.B. If an issue of Subordinated Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the EUR [100,000]

²⁰ Denominations must be at least EUR 100,000 (or its equivalent in any other currency).

minimum denomination is not required.)

- (a) Calculation Amount []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
- (i) Interest Commencement Date: [specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Subordinated Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]
9. Interest Basis: [[] per cent. Fixed Rate]
- [[specify Reference Rate] +/- [] per cent. Floating Rate]
- [Zero Coupon]
- (See paragraph [14/15/16] below)
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Subordinated Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there/Not Applicable]
12. Put/Call Options: [Not Applicable]
- [Issuer Call]
- [Regulatory Call]
- [(See paragraph [17/18] below)]
13. Status of the Notes: Subordinated [Tier 2] Notes

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) **Rate(s) of Interest:**

[[●]% per annum] [From (and including) [●] up to (but [excluding/including]) [●]] [the aggregate of [●] per cent. and the [Mid Swap Rate/Swap Offer Rate] per annum] [determined by the Agent] payable in arrear on each Interest Payment Date.]

["**Mid Swap Rate**" means the [semi-] annual mid swap rate for [Euro][U.S. Dollar] swap transaction with a maturity of [●] years, expressed as a percentage, displayed on Bloomberg ICAE screen page [●] (or such other page as may replace that page on Bloomberg, or such other service as may be designated by the [Managers]/[Dealer] in consultation with the Issuer) at [●] [a.m./p.m.] ([●] time) on the [second] Business Day prior to [●].]

["**Swap Offer Rate**" means the [semi-] annual swap offer rate for [Singapore \$] swap transactions with a maturity of [●] years, expressed as a percentage, displayed on the Bloomberg page "[SDSW[●] TPRA Currency]" (or such other page as may replace that page on Bloomberg, or such other service as may be designated by the [Managers]/[Dealer] in consultation with the Issuer) at [●] [a.m./p.m.] ([Singapore] time) on the [second] Singapore business day prior to [●].]

(ii) **Interest Payment Date(s):**

[] in each year [up to and including the Maturity Date] [in each case subject to adjustment in accordance with the [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [and [] as Business Centre(s) for the definition of "Business Day"][, Unadjusted]]

(NB: This will need to be amended in the case of long or short coupons)

(iii) **Fixed Coupon Amount(s):**

[] per Calculation Amount

(iv) **Broken Amount(s):**

[[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []/Not

Applicable]

(v) Day Count Fraction: [30/360, Actual/Actual (ICMA) or Actual/365 (Fixed)]

(vi) [Determination Date(s): [[] in each year/Not Applicable]

(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)

NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration

NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]

(vii) Reference Rate Determination: [Yes/No]

- Reference Rate Replacement: [Applicable/Not Applicable]

(Only applicable in case of Fixed Rate Notes that are subject to a reset.)

15. **Floating Rate Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Interest Period(s): []

(ii) First Interest Payment Date: []

(iii) Specified Interest Payment Dates: [Not Applicable/[•] in each year, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/not subject to any adjustments as the Business Day Convention set out in (iv) below is specified to be Not Applicable]

(iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(v) Unadjusted: [No/Yes/Not applicable]

(Only applicable in case a Business Day Convention applies. Insert "No" if the amount of interest payable in respect of the relevant

Interest Period should also be adjusted in accordance with the applicable Business Day Convention. Insert "Yes" if the amount of interest should be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the applicable Business Day Convention.)

- (vi) Business Centre(s): [specify/Not Applicable]
- (vii) Manner in which the Rate of Interest and Interest Amounts is to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Screen Rate Determination: [Yes/No]
- Reference Rate: [for example, LIBOR or EURIBOR]
 - Interest Determination Date(s): []
- (Second London business day prior to the start of each Interest Period if LIBOR (other than euro LIBOR) and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: []
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate due to the fallback provisions in the Conditions)*
- Relevant Time: [For example, 11.00 a.m. London time (in case of LIBOR)/Brussels time (in case of EURIBOR)]
 - Relevant Financial Centre: [For example, London (in case LIBOR)/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)(in case of EURIBOR)]
 - Reference Rate Replacement: [Applicable/Not Applicable]
- (ix) ISDA Determination: [Yes/No]
- Floating Rate Option: []

- Designated Maturity: []
- Reset Date: []
- (x) Linear Interpolation: Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
- (xi) Margin(s): [+/-] [] per cent. per annum
- (xii) Minimum Rate of Interest: [] per cent. per annum
- (xiii) Maximum Rate of Interest: [] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)]

16. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Actual/Actual (ISDA)/Actual/365 (Fixed)/Actual/365 (Sterling)/Actual/360/30/360/30E/360/30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

17. Issuer Call:

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s): [] per Calculation Amount

- (iii) Notice period (if other than as set out in the Conditions): [] days
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
18. Regulatory Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Amount(s): [] per Calculation Amount
- (ii) Notice period (if other than as set out in the Conditions): [] days
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- (iii) MREL Disqualification Event: [Full exclusion only/Full or partial exclusion]
19. Final Redemption Amount: [] per Calculation Amount
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Subordinated Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulations will apply.)*
20. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default: [] per Calculation Amount
21. Variation or Substitution: [Applicable / Not Applicable]
22. Condition 15 (*Substitution of the Issuer*) applies: [Yes/No]

**GENERAL PROVISIONS APPLICABLE
TO THE NOTES**

23. Form of Subordinated Notes:

(a) Form:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Subordinated Notes only upon an Exchange Event [[and] in respect of Global Notes deposited with Euroclear Netherlands only in the limited circumstances as described in the Wge and in accordance with the rules and regulations of Euroclear Netherlands].]

[Temporary Global Note exchangeable for definitive Subordinated Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for definitive Subordinated Notes only upon an Exchange Event [[and] in respect of Global Notes deposited with Euroclear Netherlands only in the limited circumstances as described in the Wge and in accordance with the rules and regulations of Euroclear Netherlands].]

(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Subordinated Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Subordinated Notes in paragraph 6 includes language substantially to the following effect: "[EUR 100,000] and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Subordinated Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Subordinated Notes.)

(b) New Global Note:

[Yes][No]

[N.B. If the Subordinated Notes are to be deposited with either Euroclear Bank S.A./N.V. or Clearstream Banking, S.A., it is intended that the Subordinated Notes will be designated as New Global Notes. If the Subordinated Notes are to be deposited with Euroclear Netherlands, it is intended that the Subordinated Notes will

be designated as Classic Global Notes.]

24. Financial Centre(s): [Not Applicable/*give details*]
- (Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 15(vi) relates)*
25. Talons for future Coupons to be attached to definitive Subordinated Notes (and dates on which such Talons mature): [No/Yes. As the Subordinated Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
26. For the purposes of Condition 12 (*Notices*), notices to be published in the Financial Times (generally yes, but not for domestic issues): [Yes/No]
27. Whether Condition 6(a) (*Taxation*) of the Subordinated Notes applies (in which case Condition 5(b) (*Redemption for Tax Reasons*) of the Subordinated Notes will not apply) or whether Condition 6(b) (*Taxation*) and Condition 5(b) (*Redemption for Tax Reasons*) of the Subordinated Notes apply: [Condition 6(a) (*Taxation*) applies and Condition 5(b) (*Redemption for Tax Reasons*) does not apply/Condition 6(b) (*Taxation*) and Condition 5(b) (*Redemption for Tax Reasons*) apply]
28. Relevant Benchmark[s]: [[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][*appears*]/[*does not appear*]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation (Regulation (EU) 2016/1011)/[Not Applicable].

THIRD PARTY INFORMATION

[[Relevant third party information] relating to paragraph [•] above, which has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of ABN AMRO Bank N.V.:

By: _____

Duly authorised

By: _____

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Subordinated Notes to be admitted to trading on [Euronext Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the Subordinated Notes to be admitted to trading on [Euronext Amsterdam/specify relevant regulated market and, if relevant, admission to an official list] with effect from [].]

[Not Applicable.]

- (ii) Estimate of total expenses related to admission to trading:

[]

2. RATINGS

Ratings:

The Subordinated Notes to be issued [have [not] been / are expected to be] rated:

[S & P: []]

[Moody's: []]

[Fitch: []]

[[Other]: []]

[and endorsed by [insert details including full legal name of credit rating agency/ies]]

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

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

Insert one (or more) of the following options, as applicable:

[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and [has]/[have each] applied for *registration* under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority]]. [[Insert full legal name of credit rating agency/ies] [is]/[are] established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**.) [[Insert full legal name of credit rating agency/ies] [is]/[are] not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Subordinated Notes is not endorsed by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").]

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

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Subordinated Notes has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

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

4. **[REASONS FOR THE OFFER**

Reasons for the Offer

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer are different will need to include those reasons here. In case Green Bonds are issued, the category of Eligible Assets must be specified.)]

5. **YIELD** *(Fixed Rate Notes only)*

Indication of yield:

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

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

7. **OPERATIONAL INFORMATION**

- (i) ISIN Code:
- (ii) Common Code:
- (iii) [FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]]
- (iv) [CFI Code: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]]
- (v) [*Other relevant code:*]
- (vi) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and the relevant identification number(s): [Not Applicable/give name(s) and numbers(s)][*N.B. If the Subordinated Notes are designated as NGNs, this must be "Not Applicable"*]
[If Euroclear Netherlands is selected, and in item 24 Temporary Global Note exchangeable for definitive Subordinated Notes on and after the Exchange Date is selected, further legal advice is required.]
- (vii) Delivery: Delivery [against/free of] payment
- (viii) Names and addresses of initial Paying Agent(s) (if any):
- (ix) Names and addresses of additional Paying Agent(s) (if any):
- (x) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” does not necessarily mean that the Subordinated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

The Subordinated Notes will be deposited initially upon issue with one of the ICSDs acting as common safekeeper.]

[No.

Whilst the designation is specified as “no”, should the Eurosystem eligibility criteria be amended in the future such that the Subordinated Notes are capable of meeting them, the Subordinated Notes may then be deposited with one of the ICSDs acting as common safekeeper. Note that this does not mean that the Subordinated Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

8. DISTRIBUTION

- | | | |
|-------|---|--|
| (i) | Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [Not Applicable] |
| (iii) | Stabilisation Manager(s) (if any): | [Not Applicable/ <i>give name</i>] |
| (iv) | If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>specify name [and address] of dealer</i>] |
| (v) | U.S. Selling Restrictions: | [Regulation S Category 2; TEFRA D/TEFRA C/TEFRA not applicable] ²¹ |
| (vi) | [Additional selling restrictions: | The Subordinated Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, in the Republic of China (Taiwan), to investors other than "professional investors" as defined under Paragraph 1, Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds (" Professional Investors "). Purchasers of the Subordinated Notes are not permitted to sell or otherwise dispose of the Subordinated Notes except by transfer to a Professional Investor.] |

²¹ TEFRA will only apply in respect of issues of Notes with a maturity of more than one year.

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

The following are the Terms and Conditions of Subordinated Notes to be issued by the Issuer which will be incorporated by reference into each Global Note representing each Series and which will be endorsed on (or, if permitted by the relevant stock exchange and agreed between the Issuer and the relevant Dealer (if any), incorporated by reference into) each definitive Subordinated Note in the standard euromarket form. The applicable Final Terms in relation to any Tranche of Subordinated Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Subordinated Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Note representing each Series and definitive Subordinated Note in the standard euromarket form. Reference should be made to "Form of the Notes" above for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.

This Subordinated Note is one of a series of Subordinated Notes issued by ABN AMRO Bank N.V. (in such capacity, the "**Issuer**", which expression shall include any substituted debtor or transferee pursuant to Condition 15 (*Substitution of the Issuer*)) or Condition 5(i) (*Statutory loss absorption of Subordinated Notes*)) pursuant to the Agency Agreement (as defined below). References herein to the "**Subordinated Notes**" shall be references to the Subordinated Notes of this Series (as defined below) and shall mean (i) in relation to any Subordinated Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Subordinated Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The Subordinated Notes and the Coupons (as defined below) also have the benefit of an Agency Agreement dated 10 July 2019 (as supplemented or amended from time to time, the "**Agency Agreement**") made between the Issuer, ABN AMRO Bank N.V. as issuing and principal paying agent and agent bank (in such capacity the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Subordinated Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Any reference herein to "**Subordinated Noteholders**" shall mean the holders of the Subordinated Notes, and shall, in relation to any Subordinated Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons, and holders of Talons shall be referred to herein as "**Talontholders**". Any holders mentioned above include those having a credit balance in the collective depots held by Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Netherlands**") or one of its participants.

The Final Terms for this Subordinated Note is endorsed hereon or attached hereto and supplements these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Subordinated Note. References herein to the "**applicable Final Terms**" are to the Final Terms for this Subordinated Note.

As used herein, "**Tranche**" means Subordinated Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Subordinated Notes together with any further Tranche or Tranches of Subordinated Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing and admission to trading) from the date on which such consolidation is expressed to take effect except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement and the applicable Final Terms are available for viewing at the

specified offices of each of the Agent and the other Paying Agents and at the registered offices of the Issuer and of the Agent and copies may be obtained from those offices. The Subordinated Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated. Any references in these Conditions to any particular provision, article, clause, section or paragraph of a law, directive, regulation or other legislation shall include such provision, article, clause, section or paragraph as consolidated, amended, re-enacted or replaced).

1. Form, Denomination and Title

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

This Subordinated Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

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

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

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

Where Subordinated Notes represented by a permanent Global Note are deposited with Euroclear Netherlands, a Subordinated Noteholder shall not have the right to request delivery (*uitlevering*) of his Subordinated Notes under the Wge other than as set out in the Global Note and in accordance with the rules and regulations of Euroclear Netherlands.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be

deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms but shall not include Euroclear Netherlands.

2. Status and Ranking of the Subordinated Notes

(a) Status and Ranking of the Subordinated Notes

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

The claims of the holders of the Subordinated Notes of this Series and the relative Coupons against the Issuer are, in the event of the liquidation or bankruptcy of the Issuer, subordinated to (a) the claims of depositors (other than in respect of those whose deposits are expressed by their terms to rank equally to or lower than the Subordinated Notes), (b) unsubordinated claims with respect to the repayment of borrowed money (including those unsecured and unsubordinated obligations having a lower ranking in reliance on article 212rb of the Dutch Bankruptcy Act (*Faillissementswet*) (or any other provision implementing article 108 of Directive 2014/59/EU, as amended by Directive (EU) 2017/2399, in The Netherlands)), (c) other unsubordinated claims.

By virtue of such subordination, payments to a Noteholder will, in the event of liquidation or bankruptcy of the Issuer, only be made after, all obligations of the Issuer resulting from higher ranking deposits, unsubordinated claims with respect to the repayment of borrowed money and other unsubordinated claims have been satisfied.

(b) No set-off

No Subordinated Noteholder or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes or relative Coupons.

3. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

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

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

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

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

If a Business Day Convention is specified in the applicable Final Terms, the number of days for calculating the amount of interest payable in respect of the relevant Fixed Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is specified in the applicable Final Terms, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System (or any successor thereto) is open. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

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

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

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

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this

Condition 3:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (a) in the case of Subordinated Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
 - (b) in the case of Subordinated Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Fixed Interest Period divided by 365.

Where Mid Swap Rate or Swap Offer Rate and Reference Rate Replacement are specified in the applicable Final Terms as being applicable and the Agent is unable to determine the applicable Mid Swap Rate or Swap Offer Rate at the relevant time, the applicable Mid Swap Rate or Swap Offer Rate will be the rate as determined in accordance with Condition 3(d) (*Reference Rate Replacement*), **provided that**, if no such rate can be determined in accordance with Condition 3(d) (*Reference Rate Replacement*) or if Reference Rate Replacement is not specified in the applicable Final Terms as being applicable, the applicable Mid Swap Rate or Swap Offer Rate will be the rate as last applied in relation to the Subordinated Notes in respect of the immediately preceding Fixed Interest Period.

In these Conditions:

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

"**euro**" 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 Communities, as amended; and

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

(b) ***Interest on Floating Rate Notes***

(i) Interest Payment Dates

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

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

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

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

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

If a Business Day Convention is specified in the applicable Final Terms, the number of days for calculating the amount of interest payable in respect of the relevant Interest Period shall also be adjusted in accordance with such Business Day Convention, unless "Unadjusted" is

specified in the applicable Final Terms, in which case such amount of interest shall be calculated as if the relevant Interest Payment Date were not subject to adjustment in accordance with the Business Day Convention specified in the applicable Final Terms.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open. In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) Rate of Interest

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

(A) ISDA Determination

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

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms;
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**"), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms; and
- (4) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

- (A) one rate shall be determined as if the Designated Maturity were the

period of time for which rates are available next shorter than the length of the relevant Interest Period; and

- (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 3(b)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination

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

- (1) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (2) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

- (A) one rate shall be determined as if the Relevant Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

- (B) the other rate shall be determined as if the Relevant Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (3) in any other case, the Agent will determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest

Determination Date;

- (4) if, in the case of (1) above, such rate does not appear on that page or, in the case of (3) above, fewer than three such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Agent will:
- (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such quotations;
- (5) if fewer than two such quotations as referred to in (4) above are provided as requested, the Agent will determine the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date in the Relevant Financial Centre of the Specified Currency, deposits in the Specified Currency for the relevant Interest Period by leading banks in the Relevant Financial Centre of the Specified Currency or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the Relevant Financial Centre of the Specified Currency;
- (6) If, in the case of (3) above, five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Subordinated Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Subordinated Notes in respect of a preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

In this Condition 3, the expression "**Reference Banks**" means, in the case of (1) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (3) above,

those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

(iii) Minimum and/or Maximum Rate of Interest

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

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

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Subordinated Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount

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

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 3(b):

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as

follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

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

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

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in

the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

(v) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth Amsterdam Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Subordinated Noteholders in accordance with Condition 12 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Subordinated Note having the minimum Specified Denomination. For the purposes of this paragraph (v), the expression "**Amsterdam Business Day**" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in Amsterdam.

(vi) Certificates to be Final

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

(c) ***Accrual of Interest***

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

- (1) the date on which all amounts due in respect of such Subordinated Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) or individually.

(d) ***Reference Rate Replacement***

If:

- (i) Reference Rate Replacement is specified in the applicable Final Terms as being applicable and Reference Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined; and
- (ii) a Reference Rate Event has occurred when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Subordinated Notes:

- (1) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine:
 - (A) a Successor Reference Rate; or
 - (B) if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Subordinated Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 3(d) during any other future Interest Period(s));

- (2) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Reference Rate or an Alternative Reference Rate (in accordance with Condition 4(e)(1)) prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) shall use reasonable endeavours to determine:
 - (A) a Successor Reference Rate; or
 - (B) if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), for the purposes of determining the Rate of Interest applicable to the Subordinated Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this

Condition 3(d) during any other future Interest Period(s)). Without prejudice to the definitions thereof, for the purposes of determining any Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets;

(3) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the relevant Independent Adviser or the Issuer (as applicable) in accordance with this Condition 3(d):

(A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(d));

(B) if the relevant Independent Adviser or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) and determines to the best of its knowledge and capability (acting in good faith and in a commercially reasonable manner) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 3(d)); and

(C) the relevant Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner) may in its discretion specify:

(x) changes to these Conditions in order to follow market practice in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) Business Center(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre and/or Relevant Screen Page applicable to the Subordinated Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Subordinated Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

(y) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Subordinated Notes for all future Interest Periods (subject to the subsequent operation of this Condition 3(d)); and

(4) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 3(d)(3)(C) to the Fiscal Agent, the Calculation Agent and the Subordinated Noteholders in accordance with Condition 12 (*Notices*).

No consent of the Subordinated Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate or Adjustment Spread (as applicable) as described in this Condition 3(d) or such other relevant changes pursuant to Condition 3(d)(3)(C), including for the execution of any documents or the taking of other steps by the Issuer or any of the

parties to the Agency Agreement.

If a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 3(d) on or before the relevant Issuer Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 3(b)(ii)(B) (*Screen Rate Determination*).

An Independent Adviser appointed pursuant to this Condition 3(d) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Transfer Agent, the Registrars, the Paying Agents, the Calculation Agent, the Exchange Rate Agent or the Subordinated Noteholders for any determination made by it (or not made by it) pursuant to this Condition 3(d).

Notwithstanding any other provision of this Condition 3(d), no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Subordinated Notes will be made pursuant to this Condition 3(d), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to:

- (i) impact upon the eligibility of the Subordinated Notes for eligibility as Tier 2 Notes; and/or
- (ii) prejudice the qualification of the Subordinated Notes as MREL Eligible Liabilities; and/or
- (iii) result in the Competent Authority considering such adoption and/or amendment(s) as a new issuance of the Subordinated Notes.

Any amendment to the Conditions pursuant to this Condition 3(d) is subject to the prior written permission of the Competent Authority and/or the relevant Resolution Authority (**provided that**, at the relevant time, such permission is required to be given).

As used in this Condition 3(d):

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the relevant Independent Adviser or the Issuer (as applicable) determines is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Subordinated Noteholders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognized or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognized or acknowledged, the relevant

Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"Alternative Reference Rate" means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if such Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

"Reference Rate" has the meaning given in the applicable Final Terms and shall be LIBOR, EURIBOR, Mid Swap Rate or Swap Offer Rate as specified in the applicable Final Terms, subject as provided in Condition 3(d) (*Reference Rate Replacement*).

"Reference Rate Event" means:

- (i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Senior Preferred Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (vi) it has or will become unlawful for the Calculation Agent, the Fiscal Agent or the Issuer to calculate any payments due to be made to any Subordinated Noteholder using the relevant Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable).

"Relevant Nominating Body" means, in respect of a reference rate:

- (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or

- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"**Successor Reference Rate**" means the rate that the relevant Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

4. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque,

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6 (*Taxation*).

(b) Presentation of Subordinated Notes and Coupons

Payments of principal in respect of definitive Subordinated Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Subordinated Notes, and payments of interest in respect of definitive Subordinated Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent (in the case of any payments to be made in U.S. dollars, outside the United States (as defined below)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 6 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes

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

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

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

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

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Subordinated Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

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

(c) ***Payment Day***

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

(unless otherwise specified in the applicable Final Terms), "**Payment Day**" means any day which (subject to Condition 7 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of definitive Subordinated Notes only: the relevant place of presentation; and
 - (B) any Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (in the case of definitive Subordinated Notes only)(which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(d) Interpretation of Principal and Interest

Any reference in the Conditions to principal or nominal amount in respect of the Subordinated Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 6 (*Taxation*);
- (ii) the Final Redemption Amount of the Subordinated Notes;
- (iii) the Early Redemption Amount of the Subordinated Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Subordinated Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Subordinated Notes,

and shall be deemed to exclude any amount written down or converted (if any) pursuant to Condition 5(i) (*Statutory Loss Absorption of Subordinated Notes*).

Any reference in the Conditions to interest in respect of the Subordinated Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 (*Taxation*).

5. Redemption and Purchase

(a) At Maturity

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

(b) *Redemption for Tax Reasons*

Unless otherwise specified in the applicable Final Terms, Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Subordinated Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable) if, on the occasion of the next payment due under the Subordinated Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) or the Issuer will not obtain full or substantially full relief for the purposes of Dutch corporation tax for any interest payable as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Subordinated Notes.

Further, if the Subordinated Notes qualify as Tier 2 Notes, the Issuer must (i) obtain the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) have demonstrated to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include requiring the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer. The Competent Authority may only permit the Issuer to redeem the Subordinated Notes at any time within five years after the Issue Date if, without prejudice to this Condition 5(b), there is a change in the applicable tax treatment of the Subordinated Notes which the Issuer demonstrates to the satisfaction of the Competent Authority is material and was not reasonably foreseeable at the time of their issuance.

Each Subordinated Note redeemed pursuant to this Condition 5(b) will be redeemed at its Early Redemption Amount referred to in paragraph 5(e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

- (i) not less than 15 nor more than 30 days' notice, or such other period of notice as is specified in the applicable Final Terms, to the Subordinated Noteholders in accordance with Condition 12 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent, both of which notices shall be irrevocable,

redeem all but not some only of the Subordinated Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Further, if the Subordinated Notes qualify as Tier 2 Notes, the Issuer must (i) obtain the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) have demonstrated to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include requiring the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer.

(d) *Redemption, substitution and variation for regulatory purposes of Subordinated Notes*

If Regulatory Call is specified in the Final Terms, upon the occurrence of a Capital Event or an MREL

Disqualification Event, the Issuer may at its option, subject to:

- (a) in the case of Subordinated Notes qualifying as Tier 2 Notes, (i) the prior written permission of the Competent Authority provided that at the relevant time such permission is required to be given pursuant to article 77 CRD IV Regulation and (ii) the Issuer demonstrating to the satisfaction of the Competent Authority that the Issuer complies with article 78 CRD IV Regulation, which may include requiring the replacement of the Subordinated Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (b) in the case of Subordinated Notes qualifying as MREL Eligible Liabilities, (i) the prior permission of the Competent Authority provided that at the relevant time such permission is required to be given and (ii) compliance with any other pre-conditions to, or requirements applicable to, such redemption as may be required by the Competent Authority or the Applicable MREL Regulations at such time,

and having given not less than 30 nor more than 60 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable) to the Subordinated Noteholders redeem at any time (in the case of Subordinated Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), in accordance with the Conditions, all, but not some only, of the Subordinated Notes at the Optional Redemption Amount specified in the applicable Final Terms together with accrued interest (if any) to but excluding the date of redemption.

A "**Capital Event**" shall occur if there is a change in the regulatory classification of the Subordinated Notes that has resulted or would be likely to result in the Subordinated Notes being excluded, in whole but not in part, from the Tier 2 capital (within the meaning of the CRD IV Regulation) of the Issuer or reclassified as a lower quality form of own funds of the Issuer, which change in regulatory classification (or reclassification) (i) becomes effective on or after the Issue Date and, if redeemed within five years after the Issue Date, (ii) is considered by the Competent Authority to be sufficiently certain and (iii) the Issuer has demonstrated to the satisfaction of the Competent Authority was not reasonably foreseeable at the time of their issuance as required by article 78(4) CRD IV Regulation.

A "**MREL Disqualification Event**" shall occur if, as a result of any amendment to, or change in, any Applicable MREL Regulations, or any change in the application or official interpretation of any Applicable MREL Regulations, in any such case becoming effective on or after the Issue Date of the first Tranche of the Subordinated Notes, the Subordinated Notes are or (in the opinion of the Issuer or the Competent Authority) are likely to become:

- (c) if "*MREL Disqualification Event – Full Exclusion*" is specified in the applicable Final Terms, fully excluded; or
- (d) if "*MREL Disqualification Event – Full or Partial Exclusion*" is specified in the applicable Final Terms, fully or partially excluded,

in each case, from the Issuer's MREL Eligible Liabilities determined in accordance with, and pursuant to, the Applicable MREL Regulations; **provided that** a MREL Disqualification Event shall not occur where the exclusion of the Subordinated Notes from the relevant minimum requirement(s) is due to (i) the remaining maturity of the Subordinated Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the Applicable MREL Regulations effective with respect to the Issuer on the Issue Date of the first Tranche of the Subordinated Notes or (ii) any applicable limits on the amount of MREL Eligible Liabilities permitted or allowed to meet the MREL Requirement.

If Variation or Substitution is specified in the applicable Final Terms and if a CRD IV Capital Event or a Capital Event has occurred and is continuing, then the Issuer may, subject to the prior written permission

of the Competent Authority provided that at the relevant time such permission is required to be given (but without any requirement for the consent or approval of the Subordinated Noteholders) and having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Subordinated Noteholders, either substitute all, but not some only, of the Subordinated Notes or vary the terms of the Subordinated Notes so that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time. Upon the expiry of the notice referred to above, the Issuer shall either vary the terms of, or substitute, the Subordinated Notes in accordance with this Condition 5(d), as the case may be, provided that such substitution or variation shall not result in terms that are materially less favourable to the Subordinated Noteholders. For the avoidance of doubt, the Competent Authority has discretion as to whether or not it will approve any such substitution or variation of the Subordinated Notes.

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

In these Conditions:

"Applicable MREL Regulations" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to the MREL Requirement then in effect and applicable to the Issuer (whether on a solo or (sub)consolidated basis) including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to the MREL Requirement adopted by the Competent Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards or policies have force of law and whether or not they are applied generally or specifically to the Issuer);

"Competent Authority" means the European Central Bank, the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "DNB") or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the relevant Resolution Authority (if applicable), as determined by the Issuer;

"CRD IV Capital Event" is deemed to have occurred if the whole of the outstanding nominal amount of the Subordinated Notes can no longer be included in full in the Tier 2 capital of the Issuer by reason of their non-compliance with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time;

"CRD IV" means together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations;

"CRD IV Directive" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended from time to time);

"CRD IV Regulation" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended from time to time);

"Future Capital Instruments Regulations" means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced, including, but not limited to,

delegated or implementing acts (regulatory technical standards or implementing technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the European Central Bank, Dutch Central Bank (*De Nederlandsche Bank N.V.*), the European Banking Authority or other relevant resolution authority, which are applicable to the Issuer (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive;

"MREL Eligible Liabilities" means "eligible liabilities" (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer (whether on a solo or (sub)consolidated basis) under Applicable MREL Regulations; and

"MREL Requirement" means the requirement for own funds and eligible liabilities, which is or, as the case may be, will be, applicable to the Issuer (whether on a solo or (sub)consolidated basis).

(e) *Early Redemption Amounts*

Subject to paragraph (i) below, for the purpose of paragraph (b) above and Condition 8 (*Events of Default*), each Subordinated Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Subordinated Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Zero Coupon Note, at an amount (the "Amortised Face Amount") equal to the product of:
 - (A) the Reference Price; and
 - (B) the sum of the figure 1 and the Accrual Yield, raised to the power of x, where "x" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Subordinated Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Subordinated Note becomes due and repayable and the denominator of which is 360, or on such other Day Count Fraction as defined in Condition 3(b)(iv) (*Determination of Rate of Interest and Calculation of Interest Amounts*) as may be specified in the applicable Final Terms; and
- (iii) in any other case, at the amount specified in the applicable Final Terms or, if no such amount is so specified in the Final Terms, at their nominal amount.

(f) *Purchases*

The Issuer or any of its subsidiaries may at any time purchase Subordinated Notes (provided that, in the case of definitive Subordinated Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Subordinated Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. Any purchase of Subordinated Notes in accordance with this Condition 5(f) is subject to (i) the Issuer obtaining the prior written permission of the Competent Authority provided that, at the relevant time, such permission is required to be given and (ii) compliance with any other pre-conditions to, or requirements applicable to, such purchase as may be required by the Competent Authority or the Applicable MREL Regulations at such time.

(g) ***Cancellation***

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

(h) ***Late Payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 8 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph 5(e)(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Subordinated Noteholders, in accordance with Condition 12 (*Notices*).

(i) ***Statutory Loss Absorption of Subordinated Notes***

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

Upon any write down or conversion of a proportion of the outstanding nominal amount of the Subordinated Notes, any reference in these Conditions to principal, nominal amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount of the Subordinated Notes shall be deemed to be to the amount resulting after such write down or conversion.

In addition, subject to the determination by the relevant Resolution Authority and without the consent of the Noteholders, the Subordinated Notes may be subject to other resolution measures as envisaged under the Applicable Resolution Framework, such as replacement or substitution of the Issuer, transfer of the Subordinated Notes, expropriation of Noteholders, modification of the terms of the Subordinated Notes and/or suspension or termination of the listings of the Subordinated Notes. Such determination, the implementation thereof and the rights of Noteholders shall be as prescribed by the Applicable Resolution Framework, which may include the concept that, upon such determination, no Noteholder shall be entitled to claim any indemnification or payment in respect of any tax or other consequences arising from any such event and that any such event shall not constitute an Event of Default.

In these Conditions:

"**Applicable Resolution Framework**" means any relevant laws and regulations applicable to the Issuer at the

relevant time pursuant to, or which implement, or are enacted within the context of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, or any other resolution or recovery rules which may from time to time be applicable to the Issuer, including Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010; and

"Resolution Authority" means the European Single Resolution Board, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Subordinated Notes pursuant to the Applicable Resolution Framework.

6. Taxation

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

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Subordinated Notes or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Subordinated Notes or Coupons; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Subordinated Notes or Coupons after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Subordinated Notes 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 Subordinated Note or Coupon:
 - (i) in respect of payment of any amount of principal; or
 - (ii) presented for payment by or on behalf of a Subordinated Noteholder or Couponholder who is liable for such taxes or duties in respect of such Subordinated Note or Coupon by reason of his having some connection with The Netherlands other than the mere holding of such Subordinated Note or Coupon or the receipt of principal or interest in respect thereof; or
 - (iii) presented for payment by or on behalf of a Subordinated Noteholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
 - (iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(c) (*Payment Day*)).

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

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12 (*Notices*).

7. Prescription

The Subordinated Notes 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 6 (*Taxation*)) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) (*Presentation of Subordinated Notes and Coupons*) or any Talon which would be void pursuant to Condition 4(b) (*Presentation of Subordinated Notes and Coupons*).

8. Events of Default

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

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

then any Subordinated Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Subordinated Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 5(e) (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind provided that repayment of Subordinated Notes under this Condition 8 (*Events of Default*) that qualify as Tier 2 Notes will only be effected after the Issuer has obtained the prior written permission of the Competent Authority provided that at the relevant time such permission is required to be given.

9. Replacement of Subordinated Notes, Coupons and Talons

Should any Subordinated Note, 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 Subordinated Notes, Coupons or Talons must be surrendered before replacements will be issued.

10. Agent and Paying Agents

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

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

- (i) so long as the Subordinated Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;
- (ii) there will at all times be a Paying Agent with a specified office in a city in continental Europe; and
- (iii) there will at all times be an Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b) (*Presentation of Subordinated Notes and Coupons*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 12 (*Notices*).

11. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Subordinated Note to which it appertains) a further Talon, subject to the provisions of Condition 7 (*Prescription*). Each Talon shall, for the purposes of the Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

12. Notices

All notices regarding the Subordinated Notes shall be published (i) in at least one daily newspaper of wide circulation in The Netherlands, which is expected to be *Het Financieele Dagblad*, (ii) (unless otherwise specified in the applicable Final Terms) in a leading English language daily newspaper of general circulation in London, which is expected to be the *Financial Times*, and (iii) if and for so long as the Subordinated Notes are listed on Euronext Amsterdam and Euronext Amsterdam so requires, by the delivery of the relevant notice to Euronext Amsterdam and through a press release which will also be made available on the website of the Issuer (www.abnamro.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 Subordinated Notes 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 Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Subordinated Notes, provided that for so long as any Subordinated Notes are listed on a stock exchange or are admitted to trading by another relevant resolution authority and the rules of that stock exchange or relevant resolution 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 of the Subordinated Notes on the seventh day

after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

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

13. Meetings of Subordinated Noteholders, Modification and Waiver

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

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

- (a) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Subordinated Noteholders; or
- (b) any modification of the Subordinated Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (c) in accordance with Condition 5(d) (*Redemption, substitution and variation for regulatory purposes of Subordinated Notes*), substitution of the Subordinated Notes or variation of the terms of the Subordinated Notes in order to ensure that such substituted or varied Subordinated Notes continue to qualify as Tier 2 Notes under CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

Any such modification shall be binding on the Subordinated Noteholders and the Couponholders and any such modification shall be notified to the Subordinated Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

Any amendment to Condition 5(i) (*Statutory loss absorption of Subordinated Notes*) or which impacts upon the eligibility of the Notes for eligibility as Tier 2 Notes is subject to the prior written permission of the Competent Authority and/or the relevant Resolution Authority (**provided that**, at the relevant time, such

permission is required to be given).

14. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Subordinated Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Subordinated Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Subordinated Notes.

15. Substitution of the Issuer

(a) The Issuer may, with the consent of the Subordinated Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Subordinated Notes on which no payment of principal or interest on any of the Subordinated Notes is in default and after written approval of the Competent Authority (if so required at the relevant time), be replaced and substituted any directly or indirectly wholly owned subsidiary of the Issuer (such substituting entity, the "**Substituted Debtor**") as principal debtor in respect of the Subordinated Notes and the relative Coupons provided that:

- (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Subordinated Noteholder and Couponholder to be bound by the Conditions of the Subordinated Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Subordinated Notes, and the relative Coupons and the Agency Agreement as the principal debtor in respect of the Subordinated Notes and the relative Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Subordinated Noteholder and each holder of the relative Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 6 (*Taxation*)) payable in respect of the Subordinated Notes and the relative Coupons;
- (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Subordinated Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 6 (*Taxation*) with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Subordinated Noteholder and Couponholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition 15 (*Substitution of the Issuer*) and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Subordinated Noteholder or Couponholder by any political sub-division or taxing authority of any country in which such Subordinated Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);
- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the

performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Subordinated Noteholder;

- (iv) each stock exchange which has Subordinated Notes listed thereon or the relevant competent authority relating thereto shall have confirmed that following the proposed substitution of the Substituted Debtor such Subordinated Notes would continue to be listed on such stock exchange;
 - (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders and Couponholders at the specified office of the Agent; and
 - (vi) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Subordinated Noteholders and Couponholders at the specified office of the Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Subordinated Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Subordinated Noteholder or Couponholder, except as provided in paragraph (a)(ii) above, shall be entitled to claim from the Issuer or any Substituted Debtor under the Subordinated Notes and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
- (c) In respect of any substitution pursuant to this Condition, the Documents shall provide for such further amendment of the Conditions of the Subordinated Notes as shall be necessary or desirable to ensure that the Subordinated Notes of such Series constitute subordinated obligations of the Substituted Debtor and that the Guarantee constitutes a subordinated obligation of the Issuer, in each case subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Subordinated Notes of such Series under Condition 3 (*Interest*) of the Conditions.
- (d) The Issuer shall be entitled, after written approval of the Competent Authority (if so required at the relevant time) and by notice to the Subordinated Noteholders given in accordance with Condition 12 (*Notices*), at any time either to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Subordinated Noteholders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.
- (e) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (g) below having been given, the Substituted Debtor shall be deemed to be named in the Subordinated Notes and the relative Coupons as the principal debtor in place of the Issuer and the Subordinated Notes and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Subordinated Notes and the

relative Coupons save that any claims under the Subordinated Notes and the relative Coupons prior to release shall ensure for the benefit of Subordinated Noteholders and Couponholders.

- (f) The Documents shall be deposited with and held by the Agent for so long as any Subordinated Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Subordinated Noteholder or Couponholder in relation to the Subordinated Notes or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Subordinated Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Subordinated Notes or the relative Coupons or the Documents.
- (g) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Subordinated Noteholders in accordance with Condition 12 (*Notices*).
- (h) This Condition 15 (*Substitution of the Issuer*) is only applicable to the Subordinated Notes if the applicable Final Terms so specify.

16. Governing Law and Jurisdiction

(a) *Governing Law*

The Subordinated Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, the laws of The Netherlands, including the choice of court agreement set out below in Condition 16(b) (*Jurisdiction*).

(b) *Jurisdiction*

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

USE OF PROCEEDS

Except as otherwise specified in the applicable Final Terms, the net proceeds from each issue of Senior Preferred Notes will be applied by the Issuer for its general corporate purposes, which include making a profit and/or hedging certain risks. The net proceeds from each issue of Senior Non-Preferred Notes and Subordinated Notes may be used to strengthen or replace respectively the Issuer's MREL or capital base and/or for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms if so required pursuant to applicable law.

In particular, if so specified in the applicable Final Terms, the Issuer will apply the net proceeds from an offer of Notes in accordance with the Issuer's green bond framework as amended from time to time (the "**ABN AMRO Green Bond Framework**"). Such Notes may also be referred to as "**Green Bonds**".

Unless otherwise specified in the applicable Final Terms, the ABN AMRO Green Bond Framework provides that the Issuer intends to use an amount equivalent to the net proceeds from the issuance of Green Bonds, to finance and/or refinance, in whole or in part, new and existing projects, loans, expenditures and/or investments as set out in the ABN AMRO Green Bond Framework (the "**Eligible Assets**"). Eligible Assets aim to contribute to one or more of the following environmental objectives:

1. climate change mitigation;
2. climate change adaptation;
3. sustainable use and protection of water and marine resources;
4. transition to a circular economy, waste prevention and recycling;
5. pollution prevention and control; or
6. protection of healthy ecosystems.

The applicable Final Terms will specify for which Eligible Assets the proceeds of the Green Bonds will be used.

Process for evaluation and selection

Potential Eligible Assets are expected to comply with local laws and regulations, including any applicable regulatory environmental and social requirements. As part of the Issuer's regular credit approval process, potential Eligible Assets are furthermore assessed against the Issuer's environmental, social and ethical (ESE) criteria, where appropriate and applicable.

Management of proceeds

For as long as the Green Bonds are outstanding, the Issuer aims to allocate an amount equivalent to the net proceeds of the bonds towards Eligible Assets. On at least an annual basis, the Issuer intends to review the Eligible Assets. In case certain assets are no longer eligible, have been repaid early or are no longer owned by the Issuer, the Issuer will make an effort to replace such assets with other Eligible Assets. Unallocated proceeds will be invested in instruments as specified in the applicable Final Terms.

External Reporting

Until the net proceeds from an issuance of Green Bonds have been allocated in full towards Eligible Assets, the Issuer intends to publish an allocation report on at least an annual basis (such report an "**Allocation Report**"). Such Allocation Report will report on the total of outstanding Green Bonds, the allocated proceeds towards Eligible Assets and the unallocated proceeds. These Allocation Reports are intended to become

available on the Issuer's website (<http://www.abnamro.com/greenbonds>).

The Issuer intends to provide an environmental impact report (such report an "**Impact Report**") on an annual basis. Such Impact Report could make use of assumptions, calculation methodologies and models (such as the methodologies and models as prepared by the Platform for Carbon Accounting Financials) and may be developed by an independent external consultant. These Impact Reports are intended to become available on the Issuer's website (<http://www.abnamro.com/greenbonds>).

Verification

The Issuer intends to appoint one or more external verifiers that are asked to provide a pre-issuance verification and a post-issuance verification. The pre-issuance verification verifies alignment of the Green Bonds with one or more of the appropriate standards in the green bonds market (such as the Green Bond Principles, the Climate Bond Initiative's standards, the EU Green Bond Standard or any other similar standards, as applicable and as selected by the Issuer) (such verification a "**Pre-Issuance Verification**"). The post-issuance verification verifies the relevant Allocation Report when net proceeds from an issuance of Green Bonds have been allocated in full towards Eligible Assets (such verification a "**Post-Issuance Verification**"). These Pre-Issuance Verification and Post-Issuance Verification are intended to become available on the Issuer's website (<http://www.abnamro.com/greenbonds>).

TAXATION

TAXATION IN 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 Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a Holder, being an individual or a non-resident entity, neither has nor will have a substantial interest (aanmerkelijk belang), or - in the case of a 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. Generally an entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note.

1. WITHHOLDING TAX

All payments of principal and interest by the Issuer under the Notes can be made without withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any

political subdivision or taxing authority thereof or therein, unless the Notes qualify as debt effectively functioning as equity within the meaning of article 10, paragraph 1, sub d of the Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*).

2. TAXES ON INCOME AND CAPITAL GAINS

Residents

Resident entities

An entity holding a Note which is or is deemed to be resident in The Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to Dutch corporate tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates (up to 25 per cent in 2019).

Resident individuals

An individual holding a Note who is or is deemed to be resident in The Netherlands for Dutch income tax purposes will be subject to Dutch income tax in respect of income or a capital gain derived from a Note at the prevailing statutory rates (up to 51.75 per cent in 2019) 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 Dutch Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, such individual will generally be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. For 2019, the deemed return ranges from 1.94 per cent to 5.60 per cent. of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Note). The applicable rates will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at the prevailing statutory rate (30 per cent in 2019).

Non-residents

A holder of a Note which is not and is not deemed to be resident in The Netherlands for the relevant tax purposes will not be subject to Dutch taxation on income or a capital gain derived from a Note unless:

- (iii) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the holder derives profits from such enterprise (other than by way of the holding of securities); or
- (iv) 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 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

3. GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of

gift by, or on the death of, a holder of a Note, unless:

- (v) the holder is or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (vi) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

4. VALUE ADDED TAX

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue or acquisition of a Note, payments of principal or interest under a Note, or payments in consideration for a disposal of a Note.

5. OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in the Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of a Note or the performance of the Issuer's obligations under a Note.

6. RESIDENCE

A holder of a Note will not be and will not be deemed to be resident in The Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

TAXATION IN BELGIUM

The following is a general description of the principal Belgian withholding tax consequences for investors receiving interest in respect of, or disposing of, the Notes and is of a general nature. It does not purport to be a complete analysis of tax considerations relating to the Notes whether in Belgium or elsewhere.

This general description is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date (or with retroactive effect). Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding or selling the Notes under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Belgian withholding tax

For Belgian tax purposes, the following amounts are qualified and taxable as "interest": (i) periodic interest income, (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date), and (iii) in case a realization event occurs in respect of the Notes as a result of a sale or otherwise between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

For the purposes of the following paragraphs, any such gains and accrued interest are therefore referred to as interest.

For Belgian tax purposes, if interest is in a foreign currency, it is converted into euro on the date of payment or attribution.

Belgian resident individuals

Payments of interest on the Notes made through a financial intermediary in Belgium will in principle be subject to a 30 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

However, if the interest is paid outside Belgium without the intervention of a Belgian financial intermediary, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 30 per cent.

Capital gains realised on the sale of the Notes on the secondary market before maturity are generally not taxable for individuals, except if the purchaser is the Issuer. In the latter case, capital gains are taxable as interest and subject to withholding tax if collected through a financial intermediary established in Belgium. The accrued interest part of a capital gain realized on a sale of the Notes which qualify as fixed income notes in the meaning of article 2, §1, 8° Belgian Income Tax Code is also taxable as interest. Capital losses realized on a sale of the Notes are not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

Belgian resident companies

Interest payments on the Notes made through a financial intermediary in Belgium to Belgian corporate investors will generally be subject to Belgian withholding tax, currently at a rate of 30 per cent. However, an exemption may apply provided that certain formalities are complied with. The exemption does not apply for income on zero coupon or capitalization bonds. The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Capital gains realised on the sale of the Notes are taxable while capital losses are in principle tax deductible.

Belgian legal entities

Payments of interest on the Notes made through a financial intermediary in Belgium will in principle be subject to a 30 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian financial intermediary and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the declaration and payment of the 30 per cent. withholding tax.

Capital gains realised on the sale of the Notes on the secondary market before maturity are generally not taxable for non-profit entities, except if the purchaser is the Issuer. In the latter case, capital gains are taxable as interest and subject to withholding tax if collected through a financial intermediary established in Belgium. The accrued interest part of a capital gain realized on a sale of Notes which qualify as fixed income Notes in the meaning of article 2, §1, 8° Belgian Income Tax Code are also taxable as interest. Capital losses realized on a sale of the Notes are not tax deductible.

Taxation applicable to Organisations for Financing Pensions ("OFP")

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any

corporate income tax due and any excess amount is in principle refundable.

Belgian non-residents

Investors who are non-residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment and do not invest the Notes in the course of their Belgian professional activity will in principle not incur or become liable for any Belgian tax on income or capital gains (save as the case may be, in the form of withholding tax).

The interest income on the Notes paid through a professional intermediary in Belgium will, in principle, be subject to a 30 per cent. withholding tax, unless the Noteholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors that do not hold the Notes through a Belgian establishment can also obtain an exemption of Belgian withholding tax on interest from the Notes paid through a Belgian credit institution, a Belgian stock market company or a Belgian-recognized clearing or settlement institution, provided that their non-resident financial intermediary delivers an affidavit to such institution or company confirming (i) that the investors are non-residents, (ii) that the Notes are held in full ownership or in usufruct and (iii) that the Notes are not held for professional purposes in Belgium.

The non-residents who use the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see above). Non-resident investors who do not allocate the Notes to a professional activity in Belgium and who do not hold the Notes through a Belgian establishment are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

Tax on stock exchange transactions

The acquisition of Notes upon their issuance (primary market) is not subject to the tax on stock exchange transactions (*Taxe sur les opérations de bourse, Taks op de beursverrichtingen*).

A stock exchange tax will be levied on the purchase and sale of the Notes on the secondary market carried out by a Belgian resident investor through a professional intermediary if (i) executed in Belgium through a professional intermediary, or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals having their usual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium.

In such a scenario, the tax on the stock exchange transactions is due by the Belgian Investor, unless the Belgian Investor can demonstrate that the tax on the stock exchange transactions due has already been paid by the professional intermediary established outside of Belgium. In such a case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the financial intermediary. The duplicate can be replaced by a qualifying day-today listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities ("**Stock Exchange Tax Representative**"). Such Stock Exchange Tax Representative will then be liable towards the Belgian Treasury for the tax on stock exchange transactions due and for complying with the reporting obligations and the obligations relating to the order statement (*bordereau/borderel*) in that respect. If such a Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.12 per cent. with a maximum amount of Euro 1,300 per transaction and per party or, as the case may be, 0.35 per cent. with a maximum amount of Euro 1,600 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian Stock Exchange Tax Representative, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary.

A tax on repurchase transactions (*Taxe sur les reports/ Taks op de reportverrichtingen*) at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 1,300 per transaction and per party or, as the case may be, with a maximum amount of Euro 1,600 per transaction and per party).

However none of the taxes referred to above will be payable by exempt persons acting for their own account including investors who are not Belgian residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors as defined in Article 126.1 2° of the *Code des droits et taxes divers* (Code of various duties and taxes) for the *taxe sur les opérations de bourse/ taks op de beursverrichtingen* and Article 139, second paragraph, of the same code for the *taxe sur les reports/ taks op de reportverrichtingen*.

Tax on securities accounts

As of financial year 2018, certain individuals holding certain types of qualifying securities such as shares, bonds, shares or units of undertakings for collective investment (UCI) and warrants, for an aggregate amount of at least EUR 500,000 on one or more securities accounts, are charged an annual subscription tax of 0.15% on the full balance of their share in the securities account(s). The individuals subject to this tax are (i) Belgian tax resident individuals holding (a share in) one or more securities accounts with Belgian and/or foreign financial intermediar(y)/(ies) and (ii) non-resident individual investors holding (a share in) one or more securities account with (a) Belgian financial intermediar(y)/(ies).

The Notes could be qualifying securities for the purposes of this tax. Prospective individual investors should thus be aware that the value of such Notes that they hold may be taken into account in determining whether the aforementioned EUR 500,000 threshold is met or not and that, depending on their concrete situation, an investment in the Notes may trigger a 0.15% tax on the value thereof (and possibly also on the value of any other qualifying securities they may hold through one or more securities accounts).

Prospective investors are urged to consult their own tax advisors as to the tax consequences of the application of this new tax on their investment in Notes.

TAXATION IN FRANCE

The following is a general description of certain French withholding tax considerations relating to the Notes to the extent that payments under the Notes would qualify as interest payments. It is not a description of general French tax considerations relating to the Notes. Prospective investors are advised to consult their own professional advisors to obtain information about the tax consequences of the acquisition, ownership, or disposition of the Notes. Only personal advisors are in a position to adequately take into account special tax aspects of the Notes as well as the Noteholder's personal circumstances and any special tax treatment applicable to the Noteholder. This summary is based on French law as in force when drawing up this Base Prospectus. The laws and their interpretation by the tax authorities may change and such changes may have retroactive effect.

This description is based on the assumption that the Issuer (including a Substituted Debtor) is not resident in France for French tax purposes or acting through a French branch, permanent establishment or other fixed place of business located in France.

Subject to certain exceptions, interest and similar revenues paid to French tax resident individuals holding the Notes as part of their private assets is subject to a 12.8% mandatory withholding tax which is final unless the French tax resident individual opts for the taxation at the progressive scale of personal income tax (in which case the 12.8% withholding tax is deductible from her or his personal income tax liability in respect of the year in which the payment has been made). Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 17.2%.

The mandatory withholding tax and social contributions are levied and paid to the French tax authorities, accompanied by the relevant tax return, either by the paying agent provided that such paying agent is located in The Netherlands (or any other EU member state, Iceland, Norway or Liechtenstein) and has been given a mandate for this purpose by the Noteholder, or by the Noteholder herself or himself.

TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The information about the German taxation of the Notes issued under this Base Prospectus set out in the following section deals only with German withholding tax and is not exhaustive. It is based on current tax laws in force at the time when this Base Prospectus was published. Such tax laws may be subject to change at short notice and, within certain limits, also with retroactive effect.

The following is a general description of certain German withholding tax considerations relating to the Notes since each Series of Notes may be subject to a different tax treatment according to the applicable Final Terms. It does not purport to be a complete analysis of all German tax considerations relating to the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This summary does not allow any conclusions to be drawn with respect to issues not specifically addressed.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes on the basis of the relevant Final Terms, including the effect of any state or local taxes under the tax laws of Germany and each country of which they are residents.

German withholding tax

In principle, only persons (individuals and incorporated entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to German withholding tax with respect to payments under debt instruments. Non-resident persons generally do not suffer German withholding tax. If, however, the income from the Notes is subject to German tax, i.e. if (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the relevant investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income, German withholding tax is applied, as a rule, as in the case of a German tax resident investor.

German withholding tax will be levied at a flat withholding tax rate of 26.375% (including solidarity surcharge (*Solidaritätszuschlag*)), plus church tax if applicable), on interest and on proceeds from the sale of the Notes if the Notes are held in a custodial account which the relevant investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**Disbursing Agent**"). If the Notes are redeemed, repaid, assigned or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage*), such transaction is treated like a sale. If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by

the new debtor. Such a substitution could result in the recognition of a taxable gain or loss for the respective investors.

If the Notes are not held in a custodial account maintained with a Disbursing Agent, German withholding tax will nevertheless be levied if the Notes are issued as definitive Notes and the savings earnings (*Kapitalerträge*) are paid by a German Disbursing Agent against presentation of the Notes or interest coupons (so-called over-the-counter transaction – *Tafelgeschäft*).

If an investor sells or redeems the Notes, the tax base is, in principle, the difference between the acquisition costs and the proceeds from the sale or redemption of the Notes reduced by expenses directly and factually related to the sale or redemption. If similar Notes kept or administered in the same custodial account have been acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains.

Where the Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively. If interest claims are disposed of separately (i.e. without the Notes), the proceeds from the sale are subject to taxation. The same applies to proceeds from the payment of interest claims if the Notes have been disposed of separately. If the Notes have not been held in the custodial account maintained with the Disbursing Agent since their acquisition and the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law (e.g. in the case of over-the-counter transactions or if the Notes had been transferred from a non-EU custodial account prior to the sale), withholding tax is applied to 30% of the proceeds from the sale or redemption of the Notes.

When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

For individuals who are subject to church tax, church tax will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). In the latter case, the investor has to include the savings income in the tax return and will then be assessed to church tax.

With regard to individuals holding the Notes as private assets, any withholding tax levied shall, in principle, become definitive and replace the income taxation of the relevant investor. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the relevant investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the tax assessment procedure. However, also in the assessment procedure, savings income is principally taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*) being identical to the withholding tax rate (26.375% - including solidarity surcharge (*Solidaritätszuschlag*) plus church tax if applicable). In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. Such application can only be filed consistently for all savings income within the assessment period. In the case of jointly assessed spouse or registered life partners the application can only be filed for savings income of both spouses/life partners.

With regard to other investors, German withholding tax is a prepayment of (corporate) income tax and will be credited or refunded within the tax assessment procedure.

When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed spouses or registered life partners) will be deducted. The deduction of the actual income related expenses, if any, is excluded. That holds true even if the investor applies to be assessed on the basis of its personal tax rate.

No German withholding tax will be levied if an individual holding the Notes as private assets has filed

a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed spouses or registered life partners). Similarly, no withholding tax will be levied if the relevant investor has submitted a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office to the German Disbursing Agent. Further, with regard to investors holding the Notes as business assets, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Notes if (a) the Notes are held by a corporation or (b) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

The Issuer is not obliged to levy German withholding tax in respect of payments on the Notes.

Potential change in law

Please note that – pursuant to the coalition agreement of CDU, CSU and SPD – the flat tax regime shall be abolished for certain investment income, which might also affect the taxation of income from the Notes. For example, interest income might become taxed at the progressive tax rate of up to 45% (excluding solidarity surcharge). Further, the solidarity surcharge shall be abolished provided that certain thresholds are not exceeded. However, there is no draft law available yet, i.e. any details and, in particular, timing remain unclear.

TAXATION IN ITALY

The following is a general description of certain Italian tax considerations relating to the Notes based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own and/or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in notes) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their investment in the Notes.

Tax treatment of the Notes

The Notes may be subject to different tax regimes depending on whether:

- they represent a debt instrument implying a “use of capital” (*impiego di capitale*), through which the Noteholder transfers to the Issuer a certain amount of capital, for the economic exploitation of the same, subject to the unconditional right to obtain the entire reimbursement of such amount at maturity; or
- they represent a debt instrument implying a “use of capital” (*impiego di capitale*), through which the Noteholder transfers to the Issuer a certain amount of capital, for the economic exploitation of the same, subject to the right to obtain a (partial or entire) reimbursement of such amount at maturity.

Notes having 100% capital protection guaranteed by the Issuer

Italian Legislative Decree No. 239 of 1 April 1996, as a subsequently amended, (the "**Decree N°. 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") deriving from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

Italian Resident Noteholders

Where the Italian resident Noteholder is:

- (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or
- (ii) a partnership (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), or a de facto partnership not carrying out commercial activities and professional associations; or; or
- (iii) a non-commercial private or public institution, other than companies, trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (iv) an entity exempt from Italian corporate income taxation,

Interest relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax (*imposta sostitutiva*), levied at the rate of 26 per cent unless the Noteholders referred to under (i), (ii) and (iii) above have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called "**Asset Management Regime**" according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997 as amended ("**Decree No. 461**"). In the event that the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the taxation on income due.

Subject to certain limitations and requirements (including a *minimum* holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232 of 11 December 2016 ("**Law No. 232**") and in Article 1, paragraph 210-215 of Law No. 145 of 30 December 2018 (the "**Law No. 145**").

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which Notes are effectively connected and such Notes are deposited with an Italian resident intermediary, Interest from such Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation ("**TRES**") (and, in certain circumstances, depending on the "status" of the Noteholder, also to regional tax on business activities purposes "**IRAP**").

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**") resident in Italy, or permanent establishment in Italy of a non-Italian resident Intermediary, which intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, Italian resident individual Noteholders are required to report any Interest from the Notes in their income tax returns and subject them to a substitute tax at 26 per cent. rate.

If the investor is resident in Italy and is an Italian investment funds, *Fondi Lussemburghesi Storici*, a SICAV, or a SICAF and the Notes are held by an authorised intermediary, Interest accrued during the holding

period on the Notes will not be subject to *imposta sostitutiva*, but will be included in the management results of the investment funds, *Fondi Lussemburghesi Storici*, SICAV or SICAF accrued at the end of each tax period. The investment funds, *Fondi Lussemburghesi Storici*, the SICAV or the SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. may apply on income of the investment funds, *Fondi Lussemburghesi Storici*, the SICAV or the SICAF derived by unitholders or shareholders through distribution and/or redemption or disposal of the units or of the shares.

Interest on to the Notes held by Italian real estate investment funds (complying with the definition as amended pursuant to Law Decree n. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010) or a real estate SICAF, to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 apply, are subject neither to *imposta sostitutiva*, nor to any other income tax in the hands of the real estate investment fund or real estate SICAF. The income of the Italian real estate fund or real estate SICAF is subject to tax, in the hands of the unitholder, depending on status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an Italian resident intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (the "**Pension Fund Tax**").

Subject to certain conditions (including *minimum* holding period) and limitations, Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100 - 114 of Law No. 232 and in Article 1, paragraph 210-215 of Law No. 145.

Notes not having 100% capital protection guaranteed by the Issuer

Payments in respect of Notes which qualify as "Atypical securities" under Article 8 of Law Decree N° 512 of 30 September 1983 are subject to a withholding tax, levied at the rate of 26 per cent.

The withholding tax is levied by any Italian resident entity which intervenes in the collection of payments on the Notes or in their repurchase or transfers. In case the payments on the Notes are not received through any aforementioned Italian resident entity, Italian resident individual Noteholders are required to report the payments in their income tax return and subject them to a substitutive tax at the rate of 26 per cent.. Italian resident individual Noteholders may elect instead to pay ordinary income tax at the progressive rates applicable to them in respect of the payments; if so, the Italian resident individual Noteholders should generally benefit from a tax credit for any withholding tax possible applied outside Italy.

Subject to certain limitations and requirements (including a *minimum* holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the withholding tax on interest, premium and other income relating to the Notes not falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) and qualify as *titoli atipici* ("atypical securities") pursuant to Article 5 of Law Decree No. 512 of 30 September 1983, if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232 and in Article 1, paragraph 210-215 of Law No. 145.

The 26 per cent withholding tax does not apply to payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company (including Italian permanent establishments of foreign entities) or similar commercial entity, (ii) a commercial partnerships or (iii) a private or public institution carrying out commercial activities.

Non-Italian Resident Noteholders.

No *imposta sostitutiva* or withholding tax is applied on payments to non-Italian resident Noteholders.

If Notes beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign Intermediary) or are sold through an Italian Intermediary (or permanent establishment in Italy of foreign Intermediary) or in any case an Italian resident Intermediary (or permanent establishment in Italy of foreign Intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a statement (*autocertificazione*) stating that he or she is not resident in Italy for tax purposes.

Capital Gains

Italian resident Noteholders

Pursuant to Legislative Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

- (a) an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;
- (b) an Italian resident partnership not carrying out commercial activities;
- (c) an Italian private or public institution not carrying out mainly or exclusively commercial activities on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called "*regime della dichiarazione*" (the "**Tax Declaration Regime**"), which is the standard **regime** for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the Tax Declaration Regime, holders of the Notes who are:

- (a) Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;
- (b) Italian resident partnerships not carrying out commercial activities;
- (c) Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes under the so called "*regime del risparmio amministrato*" (the "**Administrative Savings Regime**"). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the Administrative Savings Regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the Administrative Savings Regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Special rules apply if the Notes are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward

against appreciation accrued in each of the following years up to the fourth. Also under the Asset Management Regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant Article 1, paragraph 100 – 114, of Law No. 232 and in Article 1, paragraph 210-215 of Law No. 145.

In the case of Notes held by Funds, SICAVs and SICAFs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds, SICAVs or SICAFs accrued at the end of each tax year. The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Noteholder is an Italian resident real estate investment fund, to which the provisions of Law Decree No. 351 of 25th September 2001, as subsequently amended, apply, or a real estate SICAF, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or real estate SICAF. The income of the real estate fund or of the real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5th December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains in respect of Notes realized upon sale, transfer or redemption by Italian pension fund may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100 - 114 of Law No. 232 and in Article 1, paragraph 210-215 of Law No. 145.

Non-Italian resident Noteholders

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes: (a) in a state or territory listed in the Decree of the Minister of Finance dated 4 September 1996, as amended and supplemented by from time to time (the "**White List**"), and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption

from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; and

- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a self-declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Inheritance and gift tax

Pursuant to Law Decree No. 262 of 3rd October, 2006, converted with amendments by Law No. 286 of 24th November, 2006 effective from 29th November, 2006, and Law No. 296 of 27th December, 2006, the transfers of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

- (a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding €1,000,000 (per beneficiary);
- (b) 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding €100,000 (per beneficiary);
- (c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and
- (d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

If the donee sells the Notes for consideration from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

Tax Monitoring Obligations

Italian resident individuals, non commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28th June, 1990 converted into law by Law Decree No. 227 of 4th August, 1990, as amended from time to time, for tax monitoring purposes, the amount of Notes held abroad during each tax year. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the

same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

Wealth tax on financial assets deposited abroad

According to Article 19 of Decree No. 201 of 6th December, 2011, Italian resident individuals holding financial assets – including the Notes – outside of the Italian territory are required to pay in its own annual tax declaration a wealth tax at the rate of 0.2 per cent. This tax is calculated on the market value at the end of the relevant year (or at the end of the holding period) or, if no market value figure is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held abroad by Italian resident individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The financial assets held abroad are excluded from the scope of the wealth tax if administered by Italian financial intermediaries pursuant to an administration agreement.

TAXATION IN THE UNITED KINGDOM

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments are made on the assumption that the Issuer of the Notes is not resident in the United Kingdom for United Kingdom tax purposes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

UK Withholding Tax on Interest Payments by the Issuer

Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligations under the Notes, and similar factors relating to any guarantee.

Interest which has a United Kingdom source ("UK interest") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid are issued for a term of less than one year (and are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more.

UK interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "Act")) or admitted to trading on a "multilateraltrading facility" (within the meaning of section 987 of the Act). Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Euronext Amsterdam is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Cash Market and Derivatives Market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Other Rules Relating to United Kingdom Withholding Tax

Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders or Couponholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders and Couponholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer and does not consider the tax consequences of any such substitution.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the Monetary Authority of Singapore ("MAS") in force as at the date of this Base Prospectus (as supplemented) and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which

changes could be made on a retroactive basis. Neither these statements nor any other statements in this Base Prospectus are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arranger, the Dealers nor any other persons involved in the Programme accept responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

1. **Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore ("ITA"), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

Payments on the Notes would likely fall within Section 12(6) of the ITA where the Notes are issued through the Issuer's Singapore Branch or where the payments are borne (directly or indirectly) by the Issuer's Singapore Branch or where the Notes are issued for the purpose of funding the Issuer's Singapore Branch. In other cases, for example where the Notes are issued by the head office of the Issuer for the purposes of funding the general corporate business of the Issuer or a particular activity carried on outside Singapore, payments on the Notes are likely to fall outside Section 12(6) of the ITA.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

Where payments on the Notes do not fall within Section 12(6) of the ITA, the Issuer would not be obliged to withhold Singapore tax from payments on the Notes. However, a holder of the Notes would be taxable on income from the Notes where such income is considered to have a Singapore source or is received (or deemed received) in Singapore, unless exempted. Whether income derived by a holder of the Notes which do not fall under Section 12(6) of the ITA would be regarded as arising in Singapore would depend on the factual circumstances of the holder. For example, where the holder carries on a trade or business in Singapore of dealing in securities, the Inland Revenue Authority of Singapore ("**IRAS**") is likely to take the view that the income of the holder is derived in Singapore. Conversely, if the holder receives income from Notes (where payment does not fall within Section 12(6) of the ITA), and such income is passive investment income to the holder, the income is likely to be taxable only if received or deemed received in Singapore.

Non-resident individuals are, however, not subject to income tax on foreign-source income, whether received in Singapore or not. Singapore resident individuals are likewise exempt from income tax on foreign-source income (excluding income derived through a partnership in Singapore).

In addition, where more than half of the debt securities issued under a tranche of Notes issued under the Programme are distributed by Financial Sector Incentive (Bond Market) ("**FSI-BM**") companies, Financial Sector Incentive (Standard Tier) ("**FSI-ST**") companies or Financial Sector Incentive (Capital Market) ("**FSI-CM**") companies (each as defined in the ITA), that tranche of debt securities (the "**Relevant Notes**") would be, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations ("**the QDS Regulations**"), "qualifying debt securities" ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds and profits from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
 - (aa) the Issuer including, in all offering documents relating to the Relevant Notes, a statement to the effect that any person whose interest, discount income, prepayment fee, redemption

premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

- (bb) the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such tranche of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Notes are QDS, if 50 per cent. or more of the issue of such tranche of the Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
 - (I) any related party(ies) of the Issuer; or
 - (II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party(ies) of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"**break cost**" means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**" means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**" means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where Qualifying Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA,

any person whose Qualifying Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than ten years;
- (c) are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations (see below); and
- (d) cannot be re-opened with a resulting tenure of less than ten years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, 50 per cent. or more of the issue of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

- (i) any related party(ies) of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party(ies) of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Under the QDS Regulations, QDS with certain standard early termination clauses (as prescribed in the QDS Regulations and included in the offering document for those QDS) may qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the tenth year from the date of issuance of such debt securities, the QDS tax benefits granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the other QDS conditions continue to be met.

The QDS Regulations also provide that QDS with embedded options with economic value (such as call, put, conversion, exchange or similar options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from the onset.

Pursuant to the Singapore Budget Statement and the MAS Circular FDD Cir 11/2018, the QDS Plus Scheme will be allowed to lapse after 31 December 2018, but debt securities with tenures of at least 10 years issued before 31 December 2018 will continue to enjoy the tax concessions under the QDS Plus Scheme if the conditions of the QDS Plus Scheme are satisfied.

2. **Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable

in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 ("**FRS**") 39, FRS 109 (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "*Adoption of FRS 39 Treatment and FRS 109 for Singapore Income Tax Purposes*".

3. **Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes**

The IRAS has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 — Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Section 34A of the ITA has since been enacted to give effect to the FRS 39 Circular.

On 11 December 2014, the Accounting Standards Council issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. FRS 109 is now mandatorily effective for annual periods beginning on or after 1 January 2018 and replaces FRS 39. Section 34AA of the ITA requires taxpayers to comply with FRS 109 by computing, for financial reporting purposes, their profit, loss or expenses in respect of financial instruments, subject to certain exceptions.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

FINANCIAL TRANSACTIONS TAX

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

Other developments include a proposal adopted by the European Commission on 29 January 2014 for a regulation which would give banks' supervisors the power to require banks to separate certain potentially risky trading activities from their deposit-taking business if the pursuit of such activities compromises financial stability. In addition, the European Commission has adopted an accompanying proposal for a regulation on

reporting and transparency of securities financing transactions.

SUBSCRIPTION AND SALE

The Dealers have in a programme agreement (the "**Programme Agreement**") dated 10 July 2019 as amended or supplemented from time to time agreed with the Issuer a basis upon which they or any of them may from time to time purchase Notes. Any such agreement to accede to the Programme will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes" above.

Notes may also be offered under the Programme on a private placement basis.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, 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 Notes 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 United States 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 Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Programme Agreement, it will not offer, sell or deliver any Notes 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 Notes of such Tranche (the "**distribution compliance period**"), as determined and certified to the Agent by such Dealer (or in the case of a sale of such Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Agent shall notify each such Dealer when all such Dealers have so certified), and it will have sent to each other dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further represented and agreed, and each further dealer or distributor will be required to further agree, 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 Notes, 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 Notes of a Tranche, an offer or sale of Notes of such Tranche within the United States by any dealer (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.

Public Offer Selling Restriction under the Prospectus Directive

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU, the "**Prospectus Directive**"); and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each Dealer undertakes that it has not offered or sold and will not offer or sell any Notes directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to or for the account or benefit of any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the 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.

Selling Restrictions Addressing Additional United Kingdom Security Laws

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

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 of England and Wales, as amended (the "**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Selling Restrictions Addressing Additional Netherlands Securities Laws / Global

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that as long as it does not have the benefit of a licence or exemption as investment firm of the relevant type pursuant to the Wft, it shall not offer any Notes or distribute this Base Prospectus or any circulars, offer documents or information relating to the Issuer or the Notes in The Netherlands.

Zero Coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in The Netherlands Savings Certificates Act or *Wet inzake spaarbewijzen*, the "**SCA**") may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of

the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business and (iii) the issue and trading of such Notes if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each of the Dealers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus and any other document relating to the Notes in the Republic of Italy except:

- (i) to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in Article 34-*ter*, paragraph 1, let. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**") or
- (ii) that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive and the Directive 2010/73/EU of 24 November 2010 (the "**Amending Directive**"), as implemented in Italy under Decree 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; or
- (iii) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

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

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); and
- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in the Republic of Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-*bis* of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold

on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

Republic of France

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

(i) *offer to the public in France:*

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

(ii) *private placement in France:*

it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*prestataires de service d'investissement de gestion de portefeuille pour le compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Canada

The Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed, or delivered, and that it will not offer, sell, distribute, or deliver, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof. Each Dealer has also agreed, and each further Dealer appointed under the Programme may be required to agree, not to distribute or deliver this Base Prospectus, any Final Terms, or any other offering or marketing materials relating to the Notes, in Canada in contravention of the securities laws of Canada or any province or territory thereof. If the applicable Final Terms or any other offering materials relating to the Notes provide that the Notes may be offered, sold or distributed in Canada, the issue of the Notes will be subject to such additional selling restrictions as the Issuer and the relevant Dealer(s), and each further Dealer appointed under the Programme, may agree, as specified in the applicable Final Terms or any other offering material relating to such Notes. Each Dealer, and each further Dealer appointed under the Programme, will be required to agree that it will offer, sell and distribute such Notes only in compliance with such additional Canadian selling restrictions.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment or supplement 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.

Hong Kong

In relation to each Tranche of Notes to be issued by the Issuer under the Programme, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

People's Republic of China

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold directly or indirectly within the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan (the "**PRC**"). This Base Prospectus, the Notes and any material or information contained or incorporated by reference herein in relation to the Notes have not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. Neither this Base Prospectus nor any material or information contained or incorporated by reference herein constitutes an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Notes may only be invested by or sold to PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. PRC investors are responsible for obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange, CSRC, the China Banking and Insurance Regulatory Commission and other regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Corporations Act**")) in relation to the Programme or any Notes has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**") or any other regulatory authority in Australia. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of, any Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any information memorandum, prospectus or any other offering material or advertisement relating to the Programme or any Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least AUD 500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act and complies with the terms of any authority granted under the Banking Act 1959 (Cth) of Australia;
- (ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws, regulations and directives; and
- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for Notes under the Base Prospectus, each person to whom Notes are issued (an **"Investor"**):

- (a) will be deemed by the Issuer and each of the Dealers to have acknowledged that if any Investor on-sells Notes within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
 - (i) that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer Notes in Australia without a prospectus or other disclosure document lodged with ASIC; or
 - (ii) the sale offer is received outside Australia; and
- (b) will be deemed by the Issuer and each of the Dealers to have undertaken not to sell those Notes in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Notes.

This Base Prospectus is not, and under no circumstances is to be construed as, an advertisement or public offering of any Notes in Australia.

Kingdom of Norway

Norway has implemented the Prospectus Directive (PD) and the PD Amending Directive, cf. chapter 7 of the Securities Trading Act of 29. June 2007 no. 75, as amended, and chapter 7 of the Securities Trading Regulations of 29. June 2007 No. 876, as amended. Consequently, the selling restriction set out in the section "Public Offer Selling Restriction under the Prospectus Directive" above applies.

Notes denominated in Norwegian Kroner issued by non-Norwegian issuers must be registered in the Norwegian Central Securities Depository (VPS) if the Notes are offered for sale in Norway.

Switzerland

This Base Prospectus and any Final Terms are not intended to constitute an offer or solicitation to purchase or invest in any Notes. Unless stated otherwise in the applicable Final Terms, Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland, and neither this Base Prospectus, any Final Terms nor any other offering or marketing material relating to Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Base Prospectus, any Final Terms nor any other offering or marketing material relating to Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it (a) will only offer or sell Notes in, into or from Switzerland in compliance with all applicable laws and regulations in force in Switzerland and (b) will, to the extent necessary, obtain any consent, approval or permission required, for the offer or sale by it of Notes under the laws and regulations in force in Switzerland.

Taiwan

The Notes, if listed on the Taipei Exchange for sale to professional or general investors in Taiwan, may be sold in Taiwan to all professional or general investors, as applicable, or, if not so listed, the Notes may be made available (i) to investors in Taiwan through licensed Taiwan financial institutions to the extent permitted under relevant Taiwan laws and regulations; (ii) to the Offshore Banking Units of Taiwan banks purchasing the Notes for their proprietary account, in trust for their non-Taiwan trust clients or for purposes of on-sale to qualified Taiwan investors; (iii) to the Offshore Securities Units of Taiwan securities firms purchasing the Notes either for their proprietary account, in trust for their trust clients, as agent for their brokerage clients or for purposes of on-sale to qualified Taiwan investors; (iv) to the Offshore Insurance Units of Taiwan insurance companies purchasing the Notes for their proprietary account or in connection with the issuance of investment linked insurance policies to non-Taiwan policy holders; or (v) outside of Taiwan to Taiwan resident investors for purchase by such investors outside Taiwan, but are not permitted to otherwise be offered or sold in Taiwan.

Belgium

Belgium has implemented the Prospectus Directive (including the 2010 PD Amending Directive) and the section headed "Public Offer Selling Restriction under the Prospectus Directive" above is applicable.

This Base Prospectus has not been submitted for approval to the Belgian Financial Services and Markets Authority. Accordingly, Notes that have a maturity of less than 12 months and qualify as money market instruments (and that therefore fall outside the scope of the Prospectus Directive) may not be distributed in Belgium by way of a public offering, as defined for the purposes of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (as amended or superseded).

The restrictions set out in "Prohibition of sales to EEA Retail Investors" set out above apply. In addition, the Notes are not intended to be sold to Belgian Consumers. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to Belgian Consumers, and has not distributed or caused to be distributed and will not distribute or cause to be distributed, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes to Belgian Consumers.

For these purposes, a "Belgian Consumer" has the meaning provided by the Belgian Code of Economic Law, as amended from time to time (*Wetboek van 28 februari 2013 van economisch recht/Code du 28 février 2013 de droit économique*), being any natural person resident or located in Belgium and acting for purposes

which are outside his/her trade, business or profession.

Grand-Duchy of Luxembourg

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

- (a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (the "CSSF") pursuant to (i) part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended, which implements the Prospectus Directive or (ii) any Luxembourg law applying Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") (as applicable, the "**Luxembourg Prospectus Law**"), if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or
- (b) if Luxembourg is not the home Member State as defined under the Luxembourg Prospectus Law, the CSSF and the European Securities and Markets Authority have been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Notes has been duly approved in accordance with the Prospectus Directive or the Prospectus Regulation, as applicable, and with a copy of that prospectus; or
- (c) the offer of Notes benefits from an exemption from, or constitutes a transaction not subject to, the requirement to publish a prospectus under the Luxembourg Prospectus Law.

Singapore

Each of the Dealers has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in

Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities-based Derivatives Contracts) Regulations 2018.

Sweden

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not publicly offer the Notes or bring the Notes into general circulation in Sweden other than in compliance with all applicable provisions of the laws of Sweden and especially in compliance with the Financial Instruments Trading Act (1991:980) and any regulation or rule made thereunder, as supplemented and amended from time to time.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Notes or any interest therein or possesses or distributes this Base Prospectus, any Final Terms or any other offering material relating to the Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of any Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have responsibility therefore. In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not directly or indirectly offer, sell or deliver any Notes or distribute or publish this Base Prospectus, any Final Terms or any other offering material relating to the Notes in or from any jurisdiction except under circumstances that will not impose any obligations on the Issuer or any other Dealers.

With regard to each Tranche, the relevant Dealer (if any) will be required to comply with any additional restrictions set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The update of, and the issue of Notes under, the Programme have been duly authorised by resolutions of the Supervisory Board of Directors of the Issuer dated 16 April 2010 and of the Managing Board of the Issuer dated 12 April 2010. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Notes.

Corporate information

ABN AMRO Bank N.V. was incorporated on 9 April 2009. ABN AMRO Bank N.V. is a public limited liability company incorporated under the laws of The Netherlands and has its statutory seat in Amsterdam, The Netherlands and its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. ABN AMRO Bank N.V. is registered with the Trade Register of the Chamber of Commerce under number 34334259.

Shareholder and change of control

On 29 June 2019 the Group Legal Merger between ABN AMRO Bank and ABN AMRO Group became effective. As a result, all shares in ABN AMRO Group have become shares in ABN AMRO Bank and each depositary receipt subsequently represents one share in ABN AMRO Bank.

On the date of this Base Prospectus, NLFI holds a stake of 56.3% in ABN AMRO Bank N.V., of which 49.9% is directly held via ordinary shares and 6.4% is indirectly held via depositary receipts issued by STAK AAB. As such NLFI holds a total voting interest of 56.3% in ABN AMRO Bank N.V. NLFI has waived, in its capacity of holder of depositary receipts issued by STAK AAB only, for as long as NLFI holds the depositary receipts, any meeting and voting rights attached to the depositary receipts other than the right to vote on the underlying shares of the depositary receipts held by NLFI in the shareholders meeting of ABN AMRO Bank N.V. in accordance with the general terms of administration (*administratievoorwaarden*) of STAK AAB. Only STAK AAB's depositary receipts are issued with the cooperation of ABN AMRO Bank N.V. and traded on Euronext Amsterdam. See "*The Issuer—2.2. Control*".

Listing

Application has been made to Euronext Amsterdam N.V. for Notes issued under the Programme and up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading and to be listed on Euronext Amsterdam. For so long as the Notes are listed on Euronext Amsterdam there will be a paying agent in The Netherlands. ABN AMRO Bank N.V. has been appointed as the initial paying agent in The Netherlands.

Documents available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer:

- (i) copies of the documents listed under "*Documents Incorporated by Reference*";
- (ii) the most recently available audited financial statements of the Issuer and the most recently available unaudited interim financial statements of the Issuer;
- (iii) the Agency Agreement (which contains the forms of the Temporary Global Notes and Permanent Global Notes, the definitive Notes, the Coupons and the Talons);

- (iv) a copy of this Base Prospectus;
- (v) the Final Terms for each Tranche of Notes which are admitted to trading on a regulated market;
- (vi) in the case of each issue of listed Notes subscribed pursuant to a syndication agreement, the syndication agreement (or equivalent document); and
- (vii) any future supplements to this Base Prospectus and any other documents incorporated herein or therein by reference.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the Issuer at its registered office at: Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, by telephone: +31 20 6282 282 or by e-mail: investorrelations@nl.abnamro.com. This Base Prospectus and copies of documents incorporated by reference in this Base Prospectus can also be obtained from <https://www.abnamro.com/en/investor-relations/index.html>.

Information Sourced from a third party

All information presented in this Base Prospectus sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

Issuer ratings

Credit rating agencies periodically review the creditworthiness and publish ratings which assess the level of risk attached to debt instruments. Credit ratings on ABN AMRO Bank N.V. (or their legal predecessors) are presented in the table below.

Corporate rating	S&P	Moody's	Fitch
Long term credit rating	A	A1	A+
Outlook long term credit rating	Positive	Stable	Stable
Short term credit rating	A-1	P-1	F1

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

Notes issued under this programme may be rated or unrated. Senior Non-Preferred Notes and Subordinated Notes issued under the programme may be lower rated than the corporate rating on ABN AMRO Bank N.V.

Clearing and settlement systems

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and the Clearnet S.A. Amsterdam Branch Stock Clearing. The appropriate Common Code and International Securities Identification Number for each Tranche allocated by Euroclear, Clearstream, Luxembourg and the Clearnet S.A. Amsterdam Branch Stock Clearing, and any other relevant security code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate additional or alternative information will be specified in the applicable Final Terms. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or material change

There has been no (i) material adverse change in the Issuer's prospects or (ii) significant change in the financial position of the Issuer and its subsidiaries since 31 December 2018.

Independent Auditor

The consolidated annual financial statements of ABN AMRO Group N.V. and the Issuer for the financial years ended 31 December 2017 and 31 December 2018, incorporated by reference in this Base Prospectus, have been audited, without qualification, in accordance with Dutch law, by Ernst & Young Accountants LLP, independent auditors, as stated in their reports appearing herein. The individual auditors of EY are members of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*). EY has given, and has not withdrawn, its consent to the inclusion of its reports in this Base Prospectus in the form and context in which it is included.

Post-issuance information

Other than in relation to Green Bonds, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes. Any post-issuance information in relation to Green Bonds can be obtained from <https://www.abnamro.com/en/investor-relations/debt-investors/green-bonds/index.html>.

French regulatory matters

This Base Prospectus prepared in connection with the Notes has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

Substitution of the Issuer

The Issuer may, under certain conditions, as set out in the Conditions of the Notes, be replaced and substituted by either (a) any directly or indirectly wholly owned subsidiary of the Issuer or (b) in the case of Senior Preferred Notes only, any parent or holding company of the group of which the Issuer forms part at the relevant time.

Legal and arbitration proceedings

ABN AMRO is involved in a number of governmental, legal and arbitration proceedings in the ordinary course of its business in a number of jurisdictions, including those set out in "*The Issuer—1. ABN AMRO Bank N.V.—1.9 Legal and arbitration proceedings*". However, on the basis of information currently available, and having taken legal counsel with advisors, ABN AMRO is of the opinion that, save as set out above, it is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ABN AMRO or the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of ABN AMRO, the Issuer and/or its subsidiaries.

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is BFXS5XCH7N0Y05NIXW11.

SELECTED DEFINITIONS AND ABBREVIATIONS

Definitions

In this Base Prospectus, unless the context otherwise requires:

"**AAHG**" refers to ABN AMRO Hypotheken Groep B.V.

"**ABN AMRO**" or the "**Group**" refers to ABN AMRO Bank N.V. and its consolidated subsidiaries.

"**ABN AMRO Bank**" or the "**Issuer**" refers to ABN AMRO Bank N.V. incorporated on 9 April 2009 (formerly known as "ABN AMRO II N.V.").

"**ABN AMRO Bank Standalone**" refers to ABN AMRO Bank N.V. in the period between the Legal Demerger on 6 February 2010 and the Legal Merger on 1 July 2010, which contained the businesses of ABN AMRO Holding acquired by the Dutch State.

"**ABN AMRO Clearing**" refers to ABN AMRO Clearing Bank N.V.

"**ABN AMRO Group**" refers to ABN AMRO Group N.V., a legal predecessor of ABN AMRO Bank N.V. before the Group Legal Merger took effect on 29 June 2019.

"**ABN AMRO Holding**" refers to ABN AMRO Holding N.V. and its consolidated subsidiaries which was acquired by the Consortium and renamed RBS Holdings N.V. upon the Legal Separation. "**RBS Holdings N.V.**" is part of The Royal Bank of Scotland Group plc.

"**ABN AMRO Lease**" refers to ABN AMRO Lease N.V.

"**ABN AMRO Levensverzekering**" refers to ABN AMRO Levensverzekering N.V.

"**ABN AMRO Pensions**" refers to APG-ABN AMRO Pensioeninstelling N.V.

"**ABN AMRO Verzekeringen**" refers to Nationale-Nederlanden ABN AMRO Verzekeringen Holding B.V.

"**AFM**" refers to the Dutch *Stichting Autoriteit Financiële Markten*.

"**Ageas**" refers to ageas SA/NV (formerly known as "Fortis SA/NV") and ageas N.V. (formerly known as "Fortis N.V.") together.

"**Alfam**" refers to Alfam Holding N.V.

"**ALM and Treasury**" refers to ALM and Treasury.

"**Annual Report 2017**" refers to ABN AMRO Group N.V.'s Annual Report 2017.

"**Annual Report 2018**" refers to ABN AMRO Group N.V.'s Annual Report 2018.

"**Applicable MREL Regulations**" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to the MREL Requirement then in effect and applicable to the Issuer (whether on a solo or (sub)consolidated basis) including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to the MREL Requirement adopted by the Competent Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards or policies have force of law and whether or not they are applied generally or specifically to the Issuer).

"**Bail-In Tool**" refers to the power provided to resolution authorities by the BRRD and the European regulation establishing uniform rules and a uniform procedure for the resolution of banks and certain investment firms in the framework of the Single Resolution Mechanism (Regulation 806/2014) to ensure that capital instruments and eligible liabilities absorb losses when the issuing institution meets the conditions for resolution, through the write-down or conversion of equity of such instruments.

"**Banque Neuflyze OBC**" refers to Banque Neuflyze OBC S.A.

"**Basel Committee**" refers to the Basel Committee on Banking Supervision.

"**Base Prospectus**" refers to this base prospectus.

"**Basel III Final Recommendations**" refers to the proposals of the Basel Committee set out in its paper released on 16 December 2010 (revised in June 2011) and press release of 13 January 2011.

"**Basel IV**" refers to the final Basel III standards published by the Basel Committee.

"**Beneficial Owner**" refers to a owner of beneficial interests in a Global Certificate.

"**Bethmann**" refers to Bethmann Bank AG.

"**BLMIS**" refers to Bernard L. Madoff Investment Securities.

"**Capital Event**" refers to the event described as such in "*Overview The Programme and Terms and Conditions of the Notes Redemption*".

"**CCPs**" refers to central counterparties.

"**CFTC**" refers to the U.S. Commodity Futures Exchange Commission.

"**Clearstream, Luxembourg**" refers to Clearstream Banking, S.A.

"**Competent Authority**" means the European Central Bank, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or other authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the relevant Resolution Authority (if applicable), as determined by the Issuer.

"**Consolidated Annual Financial Statements ABN AMRO Group N.V.**" refers to together, (i) the Consolidated Annual Financial Statements 2017 ABN AMRO Group N.V. (ii) the Consolidated Annual Financial Statements 2018 ABN AMRO Group N.V.

"**Consolidated Annual Financial Statements 2017 ABN AMRO Group N.V.**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2017 (as set out on pages 179 to 296 in relation to the financial statements 2017, including the notes to the financial statements as set out on pages 187 to 292, pages 43 to 136 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 298 to 305, all as included in ABN AMRO Group N.V.'s Integrated Annual Report 2017.

"**Consolidated Annual Financial Statements 2018 ABN AMRO Group N.V.**" refers to ABN AMRO Group N.V.'s publicly available audited consolidated annual financial statements for the financial year ended 31 December 2018, as set out on pages 153 to 256 in relation to the financial statements 2018, including the notes to the financial statements as set out on pages 161 to 253, pages 35 to 122 (certain information in the Risk, funding & capital report), and the auditors' report thereon on pages 258 to 263, all as included in ABN AMRO Group N.V.'s Integrated Annual Report 2018.

"**Consortium**" refers to The Royal Bank of Scotland Group plc, Ageas and Banco Santander S.A. which jointly acquired ABN AMRO Holding on 17 October 2007 through RFS Holdings B.V. ("**RFS Holdings**").

"**Council**" refers to the Council of the European Union.

"**CRA Regulation**" refers to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

"**CRD**" refers to the capital requirements directives.

"**CRD IV**" refers to together, (i) the CRD IV Directive, (ii) the CRD IV Regulation and (iii) the Future Capital Instruments Regulations.

"**CRD IV Capital Event**" is deemed to have occurred if the whole of the outstanding nominal amount of the Subordinated Notes can no longer be included in full in the Tier 2 capital of the Issuer by reason of their non-compliance with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time.

"**CRD IV Directive**" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended from time to time).

"**CRD IV Regulation**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending

Regulation (EU) No 648/2012 (as amended from time to time).

"**Credit Umbrella**" refers to a financial guarantee that covered part of the potential credit losses on the portfolio existing at the time of the closing of the transaction, included in the sale of the EC Remedy Businesses to Deutsche Bank.

"**CRR**" refers to the Capital Requirements Regulation ((EU) No 575/2013).

"**Definitive Note**" refers to a Note in individual certificated registered form.

"**DNB**" refers to The Dutch Central Bank (*De Nederlandsche Bank N.V.*).

"**Dodd-Frank Act**" refers to the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"**Dutch Intervention Act**" refers to the Special Measures Financial Institutions Act (*Wet bijzondere maatregelen financiële ondernemingen*).

"**Dutch State**" refers to the State of The Netherlands.

"**EBA**" refers to the European Banking Authority.

"**EBA Final MREL Report**" refers to EBA's final report on the implementation and design of the MREL framework of 14 December 2016.

"**EC**" refers to the European Commission.

"**EC Remedy**" refers to the divestment of the EC Remedy Businesses by ABN AMRO Bank Standalone in order to satisfy the conditions imposed by the European Commission for approval of the integration of FBN with ABN AMRO Bank Standalone through the Legal Merger.

"**ECB**" refers to the European Central Bank.

"**EC Remedy Businesses**" refers to New HBU II N.V. and IFN Finance BV.

"**EDIS**" refers to the euro-wide deposit insurance scheme for bank deposits proposed by the European Commission on 24 November 2015.

"**EMIR**" refers to the European Market Infrastructure Regulation EU 648/2012.

"**Euroclear**" refers to Euroclear Bank SA/NV.

"**Euronext Amsterdam**" refers to Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.

"**Exchange Act**" refers to the United States Securities Exchange Act of 1934, as amended.

"**Executive Board**" refers to ABN AMRO's executive board.

"**EY**" refers to Ernst & Young Accountants LLP.

"**FATCA**" refers to sections 1471-1474 of the United States Internal Revenue Code of 1986 enacted by the United States as part of the HIRE Act in March 2010 (commonly referred to as Foreign Account Tax Compliance Act).

"**FBN**" refers to the legal entity Fortis Bank (Nederland) N.V., previously named "Fortis Bank Nederland (Holding) N.V.", which merged with ABN AMRO Bank Standalone pursuant to the Legal Merger.

"**FBNH**" refers to Fortis Bank Nederland (Holding) N.V.

"**FCA**" refers to the United Kingdom's Financial Conduct Authority.

"**FFI**" refers to a non-U.S. financial institution.

"**FFI Agreement**" refers to an agreement concluded between the FFI and the IRS, under which an FFI agrees to comply with certain reporting, client due diligence and withholding requirements.

"**Finance**" refers to Finance, an area of Group Functions.

"**Fitch**" refers to Fitch Ratings Ltd.

"**Former ABN AMRO Group**" refers to the former group of ABN AMRO headed by ABN AMRO Holding

N.V. as acquired on 17 October 2007 by the Consortium through RFS Holdings.

"Former Fortis group" refers to the former group of companies headed by Fortis SA/NV (renamed "ageas SA/NV") and Fortis N.V. (renamed "ageas N.V.").

"Future Capital Instruments Regulations" means any regulatory capital rules implementing the CRD IV Regulation or the CRD IV Directive which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards or implementing technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by DNB, the European Banking Authority or other relevant authority, which are applicable to the Issuer (on a solo or consolidated basis) and which lay down the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a solo or consolidated basis) as required by (i) the CRD IV Regulation or (ii) the CRD IV Directive.

"Group Legal Merger" means the legal merger between ABN AMRO Bank N.V. and ABN AMRO Group N.V. which became effective on 29 June 2019.

"IASB" refers to the International Accounting Standards Board.

"ICAAP" refers to internal capital adequacy assessment process.

"ICS" refers to International Card Services B.V.

"IDD" refers to the Insurance Distribution Directive (Directive 2016/97/EU).

"IFRS" refers to International Financial Reporting Standards.

"IFRS-EU" refers to International Financial Reporting Standards as adopted by the European Union.

"IGA" refers to an Inter-governmental Agreement between the local Government in a so called IGA jurisdiction and the U.S. to facilitate the implementation of FATCA.

"Investor's Currency" refers to the currency or currency unit in which an investor's financial activities are principally denominated.

"IPO" refers to an initial public offering.

"IRS" refers to the United States Internal Revenue Service.

"Legal Demerger" refers to the legal demerger effectuated on 6 February 2010 in accordance with the demerger proposal filed with the Amsterdam Chamber of Commerce on 30 September 2009, thereby demerging the majority of the Dutch State acquired businesses formerly held by RBS N.V. into ABN AMRO Bank Standalone.

"Legal Merger" refers to the legal merger effectuated on 1 July 2010 between ABN AMRO Bank Standalone and FBN. ABN AMRO Bank Standalone was the surviving entity and FBN was the disappearing entity.

"Legal Separation" refers to the transfer on 1 April 2010 of the shares of ABN AMRO Bank Standalone from ABN AMRO Holding to ABN AMRO Group N.V.

"MiFID" refers to the Markets in Financial Instruments Directive 2004/39/EC.

"MiFID II" refers to the Markets in Financial Instruments II Directive (2014/65/EU) and the Markets in Financial Instruments Regulation (Regulation 600/2014) (as amended).

"Moneyou" refers to Moneyou B.V.

"Moody's" refers to Moody's Investors Service, Limited.

"Mortgage Credit Directive" refers to the Directive on credit agreements for consumers relating to residential immovable property (2014/17/EU).

"MREL" refers to the minimum requirement for own funds and eligible liabilities.

"MREL Disqualification Event" has the meaning ascribed thereto in Condition 5(d) (*Redemption, substitution and variation of Senior Non-Preferred Notes due to MREL Disqualification Event*) of the Terms and Conditions of the Senior Non-Preferred Notes and in Condition 5(d) (*Redemption, substitution and*

variation for regulatory purposes of Subordinated Notes) of the Terms and Conditions of the Subordinated Notes, as applicable.

"**MREL Eligible Liabilities**" means "eligible liabilities" (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer (whether on a solo or (sub)consolidated basis) under Applicable MREL Regulations.

"**MREL Requirement**" means the requirement for own funds and eligible liabilities, which is or, as the case may be, will be, applicable to the Issuer (whether on a solo or (sub)consolidated basis).

"**Neuflize Vie**" refers to Neuflize Vie S.A.

"**NLFI**" refers to *Stichting administratiekantoor beheer financiële instellingen* (trade name NL Financial Investments).

"**Notes**" refers to the Senior Preferred Notes, Senior Non-Preferred and the Subordinated Notes together.

"**OTC**" refers to over-the-counter.

"**PRIPs**" refers to packaged retail and insurance based investment products.

"**PRIPs Regulation**" refers to Regulation (EU) No 1286/2014.

"**Programme**" refers to this Debt Issuance Programme.

"**Prospectus Directive**" refers to Directive 2003/71/EC (as amended or superseded, including by Directive 2010/73/EU, and as implemented in the Relevant Member State).

"**PSD 2**" refers to a revised Payment Services Directive proposed by a legislative package in the field of the EU payments framework adopted by the European Commission on 24 July 2013.

"**RBS N.V.**" refers to The Royal Bank of Scotland N.V., formerly known as ABN AMRO Bank N.V. prior to the Legal Demerger.

"**REA**" refers to risk exposure amount.

"**Regulation S**" refers to Regulation S under the Securities Act.

"**Relevant Member State**" refers to a Member State of the EEA which has implemented the Prospectus Directive, as amended.

"**Resolution Authority**" means the European Single Resolution Board, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Subordinated Notes pursuant to the Applicable Resolution Framework.

"**Revised State Aid Guidelines**" refers to the temporary state aid rules for assessing public support to financial institutions during the crisis, the adoption of which was announced by the European Commission on 10 July 2013.

"**RM&S**" refers to Risk Management, an area of Group Functions.

"**RWA**" refers to risk weighted assets.

"**S&P**" refers to S&P Global Ratings Europe Limited.

"**Securities Act**" refers to the under the United States Securities Act of 1933, as amended.

"**SMEs**" refers to small and medium enterprises.

"**SR**" refers to the Single Rulebook, a pillar of the EU banking union.

"**SREP**" refers to the supervisory review and evaluation process.

"**SRM**" refers to the Single Resolution Mechanism, a pillar of the EU banking union.

"**SSM**" refers to the Single Supervisory Mechanism, a pillar of the EU banking union.

"**Statutory Loss Absorption**" has the meaning ascribed thereto in Condition 5(i) (*Statutory Loss Absorption*

of *Senior Non-Preferred Notes*) of the Terms and Conditions of the Senior Non-Preferred Notes and in Condition 5(i) (*Statutory Loss Absorption of Subordinated Notes*) of the Terms and Conditions of the Subordinated Notes, as applicable.

"**Supervisory Board**" refers to ABN AMRO's supervisory board.

"**Tier 2 Notes**" refers to Subordinated Notes qualifying as Tier 2 capital for the purposes of the regulatory capital rules applicable to the Issuer from time to time.

"**TOPS**" refers to Technology, Operations & Property Services, an area of Group Functions.

"**U.S. person**" refers to a "U.S. person" as defined in Regulation S.

"**VEB**" refers to the Dutch Vereniging voor Effectenbezitters.

"**Wft**" refers to the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations.

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