Van Lanschot N.V.

(incorporated under the laws of the Netherlands with limited liability and having its statutory seat in 's-Hertogenbosch, the Netherlands)

€100,000,000 Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities

Issue Price: 100 per cent

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

The Capital Securities will bear interest on their Prevailing Principal Amount (as defined in Condition 1 (*Definitions*) in "*Terms and Conditions of the Capital Securities*" below), payable (subject to cancellation as described below) semi-annually in arrear on 1 April and 1 October in each year (each an **Interest Payment Date**), from (and including) 1 April 2019 (the **Issue Date**) to (but excluding) 1 April 2024 (the **First Call Date**) at the fixed rate of 6.750 per cent per annum. The rate of interest will reset on the First Call Date and on each fifth anniversary thereafter (each a **Reset Date**). The Issuer may, in its sole discretion, elect to cancel the payment of interest on the Capital Securities (in whole or in part), and it will be required to cancel the payment of interest, including Additional Amounts thereon, where applicable, on the Capital Securities to the extent that the Distributable Items are, or the Maximum Distributable Amount then applicable to the Issuer or the Group (as the case may be) is, insufficient or at the order of the Competent Authority. As a result, holders of Capital Securities (**Holders**) may not receive interest on any Interest Payment Date. Interest that is cancelled will not be due on any subsequent date, and the non-payment will not constitute a default by the Issuer. See Condition 4 (*Interest and interest cancellation*) in "*Terms and Conditions of the Capital Securities*" below.

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

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

Amounts payable under the Capital Securities are calculated by reference to the mid-swap rate for euro swaps with a term of 5 years which appears on the Reuters screen "ICESWAP2" as of 11:00 a.m. (Central European time) on such Reset Rate of Interest Determination Date (as defined in the Conditions) which is provided by ICE Benchmark Administration Ltd or by reference to EURIBOR, which is provided by the European Money Markets Institute. As at the date of this Prospectus, ICE Benchmark Administration Ltd appears and the European Money Markets Institute does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute is not currently required to be authorised or registered (or, if located outside the European Union, recognition, endorsement or equivalence).

An investment in Capital Securities involves certain risks. Prospective investors should ensure that they understand the nature of the Capital Securities and the extent of their exposure to risks and they should review and consider these risks carefully before purchasing any Capital Securities. In particular, prospective investors should review and consider the risk factors relating to a Principal Write-down and interest cancellation and the impact this may have on their investment. For a discussion of these risks see "Risk Factors" beginning on page 8.

This Prospectus has been approved by the Netherlands Authority for the Financial Markets (the **AFM**) in its capacity as competent authority under the Dutch Financial Supervision Act *(Wet op het financieel toezicht*, the **Wft**) for the purposes of Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Application has been made to Euronext Amsterdam N.V. for the Capital Securities to be listed on Euronext Amsterdam (**Euronext Amsterdam**). References in this Prospectus to the Capital Securities being "listed" (and all related references) shall mean that the Capital Securities have been listed and admitted to trading 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**).

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

The Capital Securities are expected to be rated BB by S&P Global Ratings Europe Limited (**S&P**). S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

The Capital Securities are not intended to be sold and should not be sold to retail clients in the European Economic Area (EEA), as defined in MiFID II. Prospective investors are referred to the section headed "*Restrictions on marketing and sales to retail investors*" on page 5 of this Prospectus for further information.

This Prospectus will be published in electronic form on the website of the Issuer at https://www.vanlanschotkempen.com/capitalsecurities.

The date of this Prospectus is 28 March 2019.

Structuring Advisor and Sole Lead Manager

Morgan Stanley

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

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

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

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

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

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

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

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

exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

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

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

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

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

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

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

Restrictions on marketing and sales to retail investors

The Capital Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions (including the United Kingdom and Belgium), regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Capital Securities (including pursuant to the Regulations (as defined below)) to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the **FCA**) published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the **PI Instrument**).

In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products (the **PRIIPs Regulation**) became directly applicable in all EEA member states and (ii) the Markets in Financial Instruments Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EC (as amended) (**MiFID II**) was required to be implemented in EEA member states by 3 January 2018. Together, the PI Instrument, the PRIIPs Regulation and MiFID II are referred to as the **Regulations**.

The Regulations set out various obligations in relation to (i) the manufacturing and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Capital Securities.

The Manager is required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase, any Capital Securities (or a beneficial interest in such Capital Securities) from the Issuer and/or the Manager, each prospective investor will thereby represent, warrant, agree with and undertake to the Issuer and the Manager that:

(a) it is not a retail client (as defined in MiFID II);

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

  (i) sell or offer the Capital Securities (or any beneficial interest therein) to retail clients (as defined in MiFID II); or

  (ii) communicate (including the distribution of the Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Capital Securities (or any beneficial interests therein) where that invitation or inducement is addressed to, or disseminated in such a way that it is likely to be received by, a retail client (as defined in MiFID II). In selling or offering Capital Securities or making or approving communications relating to the Capital Securities, it may not rely on the limited exemptions set out in the PI Instrument; and

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

Potential investors should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Capital Securities (or any beneficial interests therein), including the Regulations.

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

Prohibition of sales to EEA retail investors – The Capital Securities 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 MiFID II; or (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 the PRIIPs Regulation for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (a **distributor**) should take into consideration the manufacturers' target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

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RISK FACTORS

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

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

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

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

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

Risks relating to the Issuer

The Issuer's results are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which it conducts business, which in turn have affected or may (adversely) affect, the profitability and solvency of the Issuer

The Issuer's results are affected by general economic and other business conditions. These conditions include changing economic and other business conditions. These conditions include changing economic cycles that affect demand for investment, wealth management and banking products, fluctuations in interest rates, securities prices, credit spreads, liquidity spreads and exchange rates, monetary policy, consumer and business spending, changes in client behaviour, business investment, real estate and private equity valuations, government spending, inflation, the volatility and strength of the capital markets and demographics. Such conditions are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence, industrial output, labour or social unrest and political uncertainty.

These conditions all impact the business of the Issuer and, ultimately, its solvency, liquidity and the amount and profitability of the business the Issuer conducts in a specific geographic region. In an economic downturn characterised by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investments and lower consumer spending, the demand for banking products is usually adversely affected and

the Issuer's reserves and provisions typically would increase, resulting in overall lower earnings. Securities prices, real estate values and private equity valuations may also be adversely impacted and any such losses would be realised through the profit and loss account and reduce shareholders' equity. The Issuer also offers a number of financial products that expose it to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads.

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

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

and one or more of these events may reduce shareholders' equity and adversely affect the Issuer's financial condition.

Shareholders' equity, solvency and the Issuer's net result may be significantly impacted by turbulence and volatility in the worldwide financial markets and economy generally. Negative developments in financial markets and/or economies may have a material adverse impact on shareholders' equity, solvency and net result in future periods, including as a result of the potential consequences listed above.

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

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

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

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

Disruptions, uncertainty or volatility in the capital and credit markets, such as that experienced in the recent past may also limit the Issuer's access to capital required to operate its business.

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

The low interest rate environment has affected and may continue to materially and adversely affect the Issuer's business, financial condition, results of operations and cash flows.

The level of interest rates, which are dependent to a large extent on general economic conditions, affects the Issuer's results, particularly in its Private Banking segment, the remainder of its Corporate Banking segment and its investment and trading portfolio. In particular, fluctuations in interest rates have a direct effect on net interest income, which constitutes a significant element of the Issuer's revenue.

Since 2012, in response to concerns about Europe's sovereign debt crisis and slowing global economic growth, central banks around the world, including the European Central Bank (the **ECB**), the Bank of England, the Bank of Japan, the Bank of Australia, the Central Bank of Brazil, the Central Bank of China, and the US Federal Reserve have lowered interest rates to historically low levels. The result has been a low interest rate environment in the Netherlands, in Europe and globally which has maintained prevailing interest rates at or near zero for a substantial period of time. The ECB and certain other monetary authorities have instituted negative interest rates on reserves maintained by commercial banks with central banks. As a result, the Issuer and other financial institutions are subject to liquidity costs for these reserves, which are not likely to be fully passed on to customers in the form of zero or negative interest rates on customer savings and deposits. At the same time, the relatively flat yield curve and the excess liquidity available in the market to lenders has generated an interest rate environment characterised by very low investment yields on fixed-income securities, and very low levels of yields on duration risk taken on by lenders, for example on long-term fixed rate mortgage products which are now in significant demand from borrowers in the Netherlands and elsewhere. In addition, the low yield environment has resulted in an increase in the redemption of existing mortgages, and a period of ''rate averaging'' as well as an increased in competition in the market for Dutch mortgages from new entrants, which could result in lower margins on new mortgages and could adversely affect the Issuer's net result, see '*The Issuer's performance is subject to substantial competitive pressures that could adversely affect its results of operations*'. These factors have adversely affected, and are likely to continue to have an adverse effect on, the Issuer's net interest income.

The current environment of particularly low interest rates has resulted in interest-earning assets (in particular residential mortgage loans) generating lower yields upon origination or refinancing, and other loans and securities held in the investment portfolio also generating lower levels of interest income when compared to historical levels. In a period of changing interest rates, the Issuer's level of interest expense may increase more rapidly than the interest it earns on its mortgage loans and other assets. Unfavourable market movements in interest rates (for example a prolonged period of flatter than usual interest rate curves, a stronger than expected rise in interest rates, in certain circumstances negative interest rates, or an inverse yield curve) could materially and adversely affect earnings and current and future cash flows. Changes in interest rates may also negatively affect the value of the Issuer's assets and its ability to realise gains or avoid losses from the sale of those assets, all of which also ultimately affect net result.

The default of a major market participant could disrupt the markets

Within the financial services industry the severe distress or default of any one institution (including sovereigns and central counterparties (**CCP's**)) could lead to defaults or severe distress by other institutions. Such distress or defaults could disrupt securities markets or clearing and settlement systems in the Issuer's markets. This could cause market declines or volatility. Such a failure could lead to a chain of defaults that could adversely affect the Issuer and its contract counterparties. Concerns about the creditworthiness of a sovereign or financial institution (or a default by any such entity) could lead to significant liquidity and/or solvency problems, losses or defaults by other institutions, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, a sovereign or a counterparty may lead to market-wide liquidity problems and losses or defaults by the Issuer or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom the Issuer interacts on a daily basis and financial instruments of sovereigns in which the Issuer invests. In Europe, systemic risk may materialise due to negative results of exercises similar to the asset quality review by the ECB and their adverse impact on banks' access to funding in wholesale markets. In the Netherlands in particular, systemic risk may materialise due to the high loan-to-deposit ratio of the Dutch banking sector compared with other European banking sectors which is in part caused by households' propensity to save using life insurance and pension products. The high loan-to-deposit ratio exposes the sector to refinancing risk in case of worsening conditions in wholesale funding markets. The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions. Systemic risk could have a material adverse effect on the Issuer's ability to raise new funding and on its business, financial condition, results of operations, liquidity and/or prospects. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the financial services industry.

Factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities

Banks such as the Issuer may be subject to liquidity risk, market risk, operational risk, ICT risk, integrity risk, risk of fraud, outsourcing risk, reputational risk, and credit risk. The Issuer pursues a prudent risk policy, and risk management and control are important elements of its business operations. Therefore, the risks specific to the situation of the Issuer that are material for taking investment decisions and that may affect the Issuer's ability to fulfil its obligations under the Capital Securities, are limited.

Operational risks are inherent in the Issuer's business

The Issuer's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequately trained or skilled personnel, IT failures, inadequate or failed internal control processes and systems, regulatory breaches, human errors, employee misconduct including fraud, or from external events that interrupt normal business operations. The Issuer depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in the Issuer's computer systems and networks may be at or near the end of their useful lives or may not be capable of processing, storing or transmitting information as expected. Certain of the Issuer's computer systems and networks may also have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, such systems and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact and jeopardise the Issuer's confidential information or that of its clients or its counterparts as further described below in the risk factor below under '*The Issuer's business is subject to risks related to cyber crime'*. These events can potentially result in financial loss, harm to the Issuer's reputation,

hinder its operational effectiveness and adversely affect its financial condition. The Issuer also faces the risk that the design and operating effectiveness of its controls and procedures to prevent such events prove to be inadequate or are circumvented. Furthermore, widespread outbreaks of communicable diseases may impact the health of the Issuer's employees, increasing absenteeism, or may cause a significant increase in the utilisation of health benefits offered to its employees, either or both of which could adversely impact its business.

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

The Issuer's business is subject to risks related to cyber crime

The Issuer relies on the effectiveness of its cyber security policy and associated procedures, infrastructure and capabilities to protect the confidentiality, integrity and availability of information held on its computer systems, networks and mobile devices and on the computer systems, networks and mobile devices of third parties on whom the Issuer relies. The Issuer also takes protective measures to protect itself from attacks designed to ensure the delivery of critical business processes to its customers. Despite preventative measures, the Issuer's computer systems, software, networks and mobile devices, and those of third parties on whom the Issuer relies, may be vulnerable to cyber-attacks, sabotage, unauthorised access, computer viruses, worms or other malicious code, and other events that have a security impact. Such an event may impact the confidentiality of the Issuer's or its clients', employees' or counterparties' information or the availability of services to customers. As a result, the Issuer could experience material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could cause a decline in the Issuer's earnings. The Issuer may be required to spend additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures, and it may be subject to litigation and financial losses that are either not insured against fully or not fully covered through any insurance that it maintains. Any failure in the Issuer's cyber security policies, procedures or capabilities, or cyber-related crime, could lead to the Issuer suffering reputational damage and a loss of clients and could have a material adverse effect on the Issuer's results of operations, financial condition or prospects.

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

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

The Issuer's results can be adversely affected by economic conditions and other business conditions in certain markets and the Eurozone in general

The Issuer operates almost entirely in Europe, particularly in the Netherlands and, to a lesser extent, in Belgium and, in connection with its fiduciary management operations, increasingly in the United Kingdom (**UK**) and France, and its success is therefore closely tied to general economic conditions in these markets, which, in turn, are part of the European economy and the Eurozone. The Issuer's results can be adversely affected by the uncertain future of the interdependency of the European market, the European Union and the Eurozone.

There remains concern regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations and the suitability of the Euro as a single currency given the

diverse economic and political circumstances in individual Eurozone countries. In addition, the actions required to be taken by those countries as a condition to rescue packages have resulted in increased political discord within and among Eurozone countries. The interdependencies among European economies and financial institutions have also intensified concern regarding the stability of European financial markets generally. These concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro currency entirely. The legal and contractual consequences for holders of Euro denominated obligations would be determined by laws in effect at such time. This could create significant uncertainties regarding the enforceability and valuation of Euro denominated contracts to which the Issuer (or its counterparties) is a party. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Issuer's Euro denominated assets and obligations and may even have an adverse effect on the Issuer's financial condition and/or results of operations.

Furthermore, in the UK referendum, which was held on 23 June 2016, the UK voted in favour of an exit from the EU (**Brexit**). The result of the UK's referendum to leave the EU and the subsequent initiation of the legal process pursuant to Article 50 of the Lisbon Treaty that must end in March 2019, which deadline will be extended for a short period of time, with the UK exiting the EU may have significant, unpredictable consequences for the UK and the economies and financial markets in the EU. The implications of a Brexit are uncertain and could have an adverse impact with respect to the European integration process, the relationship between the UK and the EU, and economies and businesses in the EU and the UK. 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 EU or the UK. The Issuer could also be adversely impacted should a Brexit result in the UK moving away from agreed and implemented EU legislation.

Sensitivity to the economic downturn through home mortgage loans
Home mortgage loans and to a lesser extent loans to small and medium-sized entities and commercial real estate loans constitute a significant portion of the Issuer's total loan portfolio. A significant downturn in the economy, especially if combined with a drop in property values and increased interest rates, could lead to increased default rates on mortgage loans, loans to small and medium-sized entities and commercial real estate loans and may have an adverse effect on the Issuer's financial condition and/or results of operations.

Impact on the Issuer
The potential weakness in the European economies, in particular the Dutch and/or Belgian economies, could have a direct negative impact on the demand for products and services of the Issuer. The weakness of these economies could materially adversely affect the investment behaviour of the Issuer's core client group, i.e. high net-worth individuals. As a result, the Issuer, similar to other financial institutions, could be confronted with net outflows of assets under management or deposits, and could experience difficulties attracting new clients or deposits and retaining existing clients, resulting in a material adverse impact on the Issuer's business, financial condition, results of operations and prospects. For the risks associated with deposits withdrawal, see also the below risk factor under '*The Issuer is exposed to risks of damage to its reputation which may cause loss of business and funding*'.

The Issuer has generated, and may continue to generate, lower income from commission and fees due to fluctuations in the financial markets, clients experiencing weaker than expected returns on their investments and margin pressure
The Issuer's results of operations depend, to a significant extent, on factors such as the returns enjoyed by its clients on their investments as well as the ability to attract net new money

inflows. Weak investment performance in the financial markets, in general, will adversely impact the value of the assets the Issuer manages for its clients and, therefore, could also have a material adverse effect on the Issuer's results of operations and financial condition. The Issuer operates in a competitive and rapidly changing investment market, which includes palpable pressure on management fees, ever more stringent transparency requirements being imposed and a consolidating pensions market together with consolidation of asset managers in the Netherlands. Clients in general have become more cost-conscious and active asset management products have to compete with index-trackers and other forms of passive investment. In addition, clients experiencing weaker than expected returns on investments the Issuer offers or recommends relative to investment solutions of or recommended by its competitors could trigger substantial redemptions and outflows from the Issuer's clients' accounts and hence also have a material adverse effect on the Issuer's results of operations and financial condition.

The Issuer has a certain degree of client concentration, and to the extent the Issuer is unable to retain these clients or sufficiently diversify its client base, its results of operations may suffer

Being primarily a wealth manager, the Issuer is exposed to a certain degree of client concentration risk given that its (targeted) clients are high net-worth individuals. Those individuals and their households have, to a certain degree, similar socio-economic characteristics and they are likewise exposed to comparable macroeconomic and regulatory risks. The Issuer specifically aims to offer wealth management solutions for and wealth management services to, among others, high net-worth individuals, family businesses and their directors/majority shareholders, business professionals, business executives, healthcare entrepreneurs, and foundations and charities in the Netherlands and Belgium, and, to a certain extent, starters in the wealth management market. In the institutional market, the Issuer's subsidiary Kempen & Co mainly focuses on comprehensive fiduciary investment solutions and investment strategies and offering of merchant banking products and services. In addition, a limited number of clients will continue to be significant to the Issuer in terms of assets under management. If the Issuer is unable to retain these clients or sufficiently diversify its client base, its results of operations and financial condition may be adversely affected.

The Issuer's activities are less diversified than some other Dutch banks

The majority of the Issuer's income is generated by its Private Banking division and the remainder from its Asset Management, Merchant Banking, Corporate Banking and other activities divisions. As a result, the Issuer is less diversified in terms of client segmentation and geographically than some other Dutch banks, and is particularly exposed to the development of its Private Banking division and the Dutch economy, and any material adverse effects thereto may adversely affect the Issuer's results of operations and financial condition. See also the above risk factor under the heading '*The Issuer's results can be adversely affected by general economic conditions and other business conditions*'.

The Issuer may fail to achieve its strategic goals or its strategic targets

The Issuer's ability to execute its strategy, as discussed further in ''Description of the Issuer – Strategy 2023'', will depend on a variety of factors which are to some degree within its control, such as its ability to attract clients and investors and its skill in structuring and executing transactions, as well as factors outside of its control, such as global economic conditions, fluctuating interest rates and demand for certain products. The Issuer cannot be certain that its strategy will be a success or whether it will meet its published targets.

The Issuer's business strategies are based on its assumptions about future demand for the Issuer's services. This future demand depends, among others, on the Issuer's ability to realign its product portfolio, innovate to keep up with changes in technology or the competitive environment, finalise the transformation of its IT landscape, finance its operations, maintain

adequate customer service levels, respond to regulatory changes, and retain and attract highly skilled technical, portfolio management, relationship management, managerial, marketing, sales and finance personnel. Any failure to develop, revise or implement the Issuer's business strategies in a timely and effective manner or continue to offer the services that customers demand may adversely affect the Issuer's business, financial condition and results of operations.

Since the global financial crisis in 2008-2009, macroeconomic volatility has made it more difficult to predict gross domestic product (**GDP**) development in many economies, resulting in frequent modifications to growth expectations published by economic research institutions, as well as in adjustments by market research specialists, sometimes giving rise to significant revisions to growth expectations for specific markets. As a result, many banks, including the Issuer, may find it difficult to accurately model and predict the prospects for their businesses, and set viable financial targets, and it may be difficult for investors to use historical financial information as an indicator of future results. Any failure by the Issuer to accurately predict the economic environment and the development of its business could lead to misjudgements as to the level of production capacities needed by it for its business could increase the risk of failed investments and may materially affect its business, financial condition and results of operations.

The Issuer's performance is subject to substantial competitive pressures that could adversely affect its results of operations

There is substantial competition for the types of wealth management and other products and services that the Issuer provides in the Netherlands and the other regions in which the Issuer conducts large portions of its business. Such competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. If the Issuer is unable to provide attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all activities.

The Issuer operates in industries that are highly regulated

There could be an adverse change or increase in financial services laws, regulations or policies governing or applied in relation to the Issuer's business, including changes in tax law. In addition, the interpretation or application by supervisory authorities or courts of such laws, regulations or policies may adversely change. There are frequent investigations by supervisory authorities, both into the financial services industry and into the Issuer, which could result in governmental enforcement actions, fines, penalties, negative publicity or reputational damage. The Issuer conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, interpretations, and policies in the Netherlands and any other jurisdiction it conducts its businesses in.

Financial services and banking laws, regulations and policies currently governing or applied in relation to the Issuer may also change, or their interpretation may change, at any time in ways which have an adverse effect on the Issuer's business, and it is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. In recent years, the cost of supervision of banks in general has increased significantly and is expected to increase further. As an organisation with relatively limited scale, the Issuer is burdened financially and operationally by the pressure of increasing and/or changing regulations and the heightened duty to provide reports to regulators. In light of the responses to the global economic and financial crisis there is an increased emphasis on new regulations, including in particular rules and regulations regarding capital requirements, resolution mechanisms and measures (such as living wills and the tendency to simplify legal and operational group structures), liquidity, leverage and other factors (such as provision of financial services, tax compliance, anti-money laundering, international sanctions and otherwise) affecting banks such as the Issuer.

The business of the Issuer is highly regulated and supervised by several Dutch regulatory authorities. The Issuer is required to hold licenses for its operations and is subject to regulation and supervision by authorities in the Netherlands (such as the Dutch Central Bank (*De Nederlandsche Bank N.V.* or **DNB**), the AFM and Euronext Amsterdam) and in all other jurisdictions in which it operates. As of 4 November 2014, the Issuer is subject to indirect supervision by the ECB under the new system of supervision, which comprises the ECB and the national competent authorities of participating EU Member States, the Single Supervisory Mechanism (**SSM**). The SSM is one of the elements of the Banking Union. The ECB may give instructions to DNB in respect of the Issuer or even assume direct supervision over the prudential aspects of the Issuer's business. The SSM has resulted, and may continue to result, in a change in the interpretation of regulations, an alignment of national legislative options and discretion and changes to the supervisory practice.

Laws and regulations applied at national level generally grant supervisory authorities broad administrative discretion over the activities of the Issuer, including the power to limit or restrict business activities. It is possible that laws and regulations governing the business of the Issuer or particular products and services could be amended or interpreted in a manner that is adverse to the Issuer, for example, to the extent that existing laws and regulations are amended or future laws and regulations are adopted that (i) reduce or restrict the sale of the products and services the Issuer offers, whether existing or new, or (ii) negatively affect the performance of the products and services the Issuer offers, whether existing or new. The revenues and costs of the Issuer, profitability and available or required regulatory capital could also be affected by an increase or change in the degree of regulation in any of the markets in which the Issuer operates, whether existing or new. For example, bail-in regulations (see also the below risk factor under the heading *'Intervention and resolution powers under the Wft, the BRRD and the SRM*") forcing write down or conversion into equity of debt incurred by a failing financial institution put into resolution by a competent authority may increase interest on debt instruments incurred by financial institutions generally and so generally increase funding cost of the banking sector, including the Issuer. Due to the highly complex nature of the regulatory environment in which the Issuer operates, it will entail more costs to ensure that the Issuer is, and will continue to be, in compliance with all applicable laws and regulations at all times, since the volume of regulation is increasing and the scope of the activities may change.

Despite the Issuer’s efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, these compliance procedures may be inadequate or otherwise ineffective, including as a result of human or other operational errors in their implementation, and the Issuer might fail to meet applicable standards. The Issuer may also fail to comply with applicable laws and regulations as a result of unclear regulations, regulations being subject to multiple interpretations or being under development, or as a result of a shift in the interpretation or application of laws and regulations by supervisory authorities.

If the Issuer or any of its affiliates is in breach of any existing or new laws or regulations now or in the future, the Issuer will be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, and judicial or administrative proceedings. In addition, the reputation of the Issuer could suffer and the Issuer could be fined or prohibited from engaging in some of its business activities or be sued by clients if it does not comply with applicable laws or regulations.

Furthermore, by nature of their banking activities, private banks such as the Issuer service a higher percentage of clients with savings and deposits in excess of the Dutch deposit guarantee scheme's current reimbursement limit of EUR 100,000 (*Depositogarantiestelsel*), (the **Deposit Guarantee Scheme**). Such clients may be more likely to be affected and/or influenced by any measures, whether proposed or actual, taken in respect of such savings and deposits, which may

include but are not be limited to the aforementioned bail-in measures and bank resolutions. These clients may decide to diversify, decrease or cancel their savings and deposits with banks such as the Issuer, which depends on such deposits for a significant proportion of its funding. Any of the abovementioned circumstances could have a material adverse effect on the ability of banks such as the Issuer to maintain or increase its current and future liquidity ratios and on their financial condition.

Minimum regulatory capital and liquidity requirements

The Issuer is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Specifically, in December 2010, the Basel Committee on Banking Supervision (the **Basel Committee**) published its final standards on the revised capital adequacy framework known as **Basel III**. These standards are significantly more stringent than the requirements until then. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, the CRD IV-package (known as **CRD IV**) was adopted. CRD IV consists of a directive (the **CRD IV Directive**) and a regulation (the **CRD IV Regulation**) and aims to create a sounder and safer financial system. The CRD IV Directive governs amongst other things the permissibility of deposit-taking activities while the CRD IV Regulation establishes the majority of prudential requirements institutions need to respect.

The CRD IV Regulation entered into force on 1 January 2014. On 1 August 2014, the CRD IV Directive was implemented into Dutch law. The application in full of all measures under CRD IV (including any national implementation thereof) was completed by 1 January 2019.

CRD IV, in implementing Basel III, is intended to increase the quality and quantity of capital, requires increased capital against derivative positions and introduces a capital conservation buffer, a counter-cyclical buffer, a systemic risk buffer, a new liquidity framework (liquidity coverage ratio and net stable funding ratio) as well as a leverage ratio. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighted assets. The leverage ratio is expected to become a binding harmonised requirement of at least 3 per cent. With respect to the percentage, the Dutch government has previously announced that it wishes to implement a leverage ratio of at least 4 per cent. for significant Dutch banks. Currently, further to the coalition agreement of the new Dutch government, this appears to be no longer pursued. Moreover, the Issuer would not currently qualify as a significant bank, and therefore would not be subject to any such 4 per cent. leverage ratio. There is, however, no guarantee that the Issuer will not be considered a significant bank for such purposes in the future or that an increased minimum leverage ratio will not be imposed on less significant banks as well.

In addition, in December 2014, the Basel Committee published a public consultation regarding the introduction of capital floors based on standardised approaches as a result of which banks may be required to apply advanced approaches to risk categories by applying the higher of (i) the risk weighted assets (**RWA**) floor based on (new) standardised approaches and (ii) the RWA based on advanced approaches in the denominator of their ratios. Since then, the Basel Committee has published additional changes to the standardised approach for credit risk in December 2015 (**Revisions to the Standardised Approach for credit risk – second consultative document**) as well as requesting consultation on proposals to reduce the variation in credit risk weighted assets that are calculated using internal models (F-IRB and A-IRB) and to impose floors on input parameters (**Reducing variation in credit risk-weighted assets – constraints on the use of internal model approaches**, issued for comments in March 2016). On 7 December 2017, the Basel Committee published the finalised Basel III reforms as improvements to the global regulatory framework (**Basel III Reforms**) (informally referred to as Basel IV). Basel III Reforms seeks to restore credibility in the calculation of RWA and improve the comparability of banks' capital ratio. The most important changes involve stricter

rules for internal models. Internal models for operational risk will no longer be permitted; a standardised approach must be applied instead. The rules for calculating RWAs for credit risk will be tightened, under the standardised approach as well as under the internal ratings-based (IRB) approach. Furthermore, the requirements for the risk-weighting of mortgages will change. In the revised standardised approach, mortgage risk weights depend on the loan-to-value (LTV) ratio of the relevant mortgage (instead of the existing single risk weight to residential mortgages). In accordance with the Basel III Reforms, banks' calculations of RWAs generated by internal models cannot, in aggregate, fall below 72.5 per cent. of the RWA computed by the standardised approaches. This limits the benefit the Issuer can gain from using internal models to 27.5 per cent. The implementation will be gradual, over a nine-year period. A 50 per cent. floor comes into effect at the start of 2022, followed by 5 per cent. increases every year until 2026, when 70 per cent. will be the floor. The final 72.5 per cent. floor will be in effect in 2027. Although the impact of Basel III Reforms remains subject to considerable uncertainty, the implementation of the standardised RWA floors could have a significant impact on the calculation of the Issuer's risk weighted assets if differences occur in risk weighted assets calculated on the basis of advanced approaches and such calculation on the basis of new standardised rules.

On 23 November 2016, the European Commission announced a further package of reforms to CRD IV, the BRRD and the SRM Regulation (each of the BRRD and SRM Regulation as defined below) (the **EU Banking Reforms**), including measures to increase the resilience of EU institutions and enhance financial stability, potentially resulting in changes to pillar 2 regulatory capital framework, a binding leverage ratio of 3 per cent., the introduction of a binding minimum net stable funding ratio of 100 per cent., the MREL requirement and calibration and the implementation of the Basel's committee fundamental review of the trading book into law. These proposals may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects, including that the Issuer may be required to obtain additional capital and eligible liabilities. The timing for the final implementation and the final impact of these reforms as at the date of this Prospectus is unclear. Furthermore, until the EU Banking Reforms are in final form, it is uncertain how the proposals will affect the Issuer or Holders.

These and other future regulatory reform proposals could 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 Issuer, or at the level of certain subsidiaries or the Issuer's parent. The Issuer believes that it will become subject to stricter capital and liquidity requirements which may also affect the scope, coverage or calculation of capital, liquidity and risk weighted assets, all of which could significantly reduce the Issuer's income and require the Issuer to reduce business levels, to reduce or cease dividend payments, or to raise additional share capital. Further, stricter liquidity requirements could hinder the Issuer's ability to manage its liquidity in a centralised manner and may cause trapped pools of liquidity, resulting in inefficiencies in the management of the Issuer's liquidity. The quantitative impact of additional regulatory capital requirements is currently uncertain and will depend also on the future development of the Issuer's balance sheet and whether multiple or even all of the changes have negative consequences for the Issuer, or only a few.

Further, the European Commission, the European Banking Association (**EBA**), the ECB, the Netherlands and/or DNB may implement the package of reforms in a manner that is different from that which is currently envisaged, or may impose additional capital and liquidity requirements on (a subset of) Dutch banks. Additionally, the revised accounting standard IAS 19R may lead to higher volatility in the Issuer's Common Equity Tier I (**CET1**) ratio in the future. The Issuer uses internal models to assess the risks of its loan portfolio. These models are subject to regulatory approval, which can be withdrawn at the discretion of the DNB for

instance, based on regulatory developments or the development of the Issuer's loan portfolio. A withdrawal of regulatory approval could have a significant impact on the risk weighted assets of the Issuer due to the substantial difference in risk weighted assets calculated on the basis of the internal models when compared to the outcome if such models are not available. If the regulatory capital requirements, liquidity restrictions or ratios applied to the Issuer are increased in the future, it will have an impact on the financial position of the Issuer, its ability to pay dividend and interest on the Capital Securities and any failure of the Issuer to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which may have an adverse effect on the Issuer's business, results of operations or financial condition.

In addition, as part of the EU Supervisory Review and Evaluation Process, supervisory authorities may perform an analysis of the Issuer's business model, arrangements, strategies, processes and mechanisms to form a view on its viability and sustainability. If necessary, they may take measures to address any problems and concerns including, among other things, requiring additional capital and/or liquidity buffers. Such measures may result in 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. Any such measures may materially and adversely affect the Issuer's business and may force the Issuer to make substantial investments to meet the requirements.

IT and other systems on which the Issuer depends for its day-to-day operations may fail for a variety of reasons that may be outside its control

The Issuer's operations are highly dependent on IT systems and its ability to process and monitor, on a daily basis, a large number of transactions, some of which are complex. The Issuer's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled, which may have an adverse effect on the Issuer's ability to process transactions, provide services or conduct other operations. In addition, other factors which could cause the Issuer's operating systems to fail or not operate properly include a deterioration in the quality of IT development, support and operations processes and, in particular, high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing complexity of operations. Despite the Issuer's ongoing expenditures on its IT systems, there can be no assurance that these expenditures will be sufficient or that its IT systems will function as planned. Any disruption in the Issuer's IT or other systems may have a material adverse effect on its business, financial condition or results of operations.

The Issuer is exposed to risks of damage to its reputation which may cause loss of business and deposit outflows

The Issuer is exposed to the risk that, among other things, litigation, employee misconduct, operational failures, outcome of current and future investigations by regulatory authorities and press speculation and the possible negative publicity resulting therefrom, whether or not founded, may harm its reputation. The reputation of the Issuer could also be harmed if products or services recommended by it do not perform as expected, for example in relation to endowment mortgage products.

Negative publicity could, for example, be based on allegations that the Issuer does not or does not fully comply with regulatory requirements or anti-money laundering rules, or could result from negative publicity about a third party linked to the Issuer (such as an affiliate, an intermediary or a partner) or about politically exposed persons in the customer base of the Issuer. Furthermore, negative publicity could result from failures in the information technology systems of the Issuer, loss of customer data or confidential information, or failure in risk

management procedures. Negative publicity could also, but not exclusively, result from any misconduct or malpractice relating to affiliates, intermediaries, business promoters or third party managers linked to the Issuer.

Any resulting damage to the reputation of the Issuer could cause disproportionate damage to its business, regardless whether the negative publicity is factually accurate. Negative publicity could also be repeated or amplified by third parties, which could damage the reputation of the Issuer further.

Any damage to the reputation of the Issuer could cause existing customers to withdraw their business or deposits from the Issuer and potential customers to be reluctant or elect not to do business or place deposits with the Issuer. Withdrawal of deposits and reluctance to place new deposits may cause illiquidity and/or insolvency which may result in resolution and/or recovery measures, and/or bankruptcy of the Issuer. Since private banks' customer deposits have proved more confidence-sensitive than retail banks' in the past, the Issuer is particularly vulnerable to this risk in this respect. Furthermore, negative publicity could result in greater regulatory scrutiny and influence market or rating agency perception of the Issuer, which, amongst other factors, may make it more difficult for it to maintain its respective credit rating.

Deteriorating economic conditions or other factors could result in the further impairment of goodwill and intangible assets, which may adversely affect the Issuer's financial condition or results of operations

To the extent economic conditions worsen or other factors cause one or more of the Issuer's historic acquisitions for which goodwill was recorded to show increasing signs of impairment, the Issuer may need to record impairment charges relating thereto, and such charges could have a material adverse effect on its financial condition or results of operations.

Litigation or other proceedings or actions may adversely affect the business, financial condition and results of operations of the Issuer

The Issuer faces significant legal risks in the conduct of its business. In the Netherlands, the number and size of claims that are the subject of litigation, regulatory proceedings and other adversarial proceedings (including, without limitation, class actions) against financial institutions are increasing, and could further increase following the adoption of a new bill, that has been approved by the House of Representatives (*Tweede Kamer*) on 29 January 2019 and the Senate (*Eerste Kamer*) on 19 March 2019 (*Kamerstukken I 2018/19, 34608, nr. A*), on the basis of which it will become possible to collectively claim damages through a class action. This new bill will enter into force on a date that has yet to be determined by Royal Decree, which will be published in the Bulletin of Acts and Decrees (*Staatsblad*). These legal risks could potentially involve, but are not limited to, disputes concerning the products and services in which the Issuer acts as principal, intermediary or otherwise.

The Issuer has been involved in the sale of interest rate derivatives to small and medium size enterprises (**SMEs**), although to a lesser extent than such other Dutch financial institutions. The Issuer has agreed to abide by the Netherlands' general recovery framework for interest rate derivatives clients, implying that it will offer courtesy payments to SMEs. Alternatively, SMEs to which the Issuer sold such derivatives (including a relatively smaller number of the Issuer's interest derivatives clients to whom the general recovery does not apply and to whom, as a result, no courtesy payments will be made) may claim damages from and initiate legal proceedings against the Issuer in respect hereof. In addition, in these matters, the AFM, and other (supervisory) authorities have taken and may take measures against or impose fines on the parties involved, including the Issuer. See also '*Sale of interest rate derivative instruments to SME clients*' under the heading '*Legal and Arbitration Proceedings*' in the section '*Description of the Issuer*'.

In 2015, the Issuer sold a portfolio of non-performing commercial real estate loans to a company affiliated to Cerberus Capital Management, L.P. The sale concerned loans with a total nominal amount of €400 million and about 120 client relationships. In relation to this sale, various debtors have filed complaints with the Issuer. A number of individual debtors have initiated legal proceedings against the Issuer, stating that the transfer of the debtor's loan and the rights related thereto was invalid. See also '*Sale of commercial real estate loans*' under the heading '*Legal and Arbitration Proceedings*' in the section '*Description of the Issuer*'.

Increasingly financial institutions are also held liable by customers for actions of intermediaries even if there has been little to no control over the actions of such intermediaries. Also, companies in the Issuer's industry are increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving unprecedented legal claims. These risks are often difficult to assess or to quantify and their existence and magnitude often remain unknown for substantial periods of time. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Issuer. The costs to defend 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. As a result, litigation may adversely affect the Issuer's business, financial condition and results of operations. See also the risk factor *'The Issuer is exposed to risks of damage to its reputation'* and the paragraph '*Legal and Arbitration Proceedings*' in the section '*Description of the Issuer'*.

Intervention and resolution powers under the Wft, the BRRD and the SRM

The Bank Recovery and Resolution Directive (**BRRD**) was adopted by the European Council on 6 May 2014. Member States should have implemented the BRRD by 1 January 2015 (except for the bail-in tool which was required to be implemented by 1 January 2016). The Netherlands has implemented the BRRD in November 2015 in legislation which substantially replaces the previous provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht* or **Wft**) in relation to bank resolution. However, the powers of the Dutch Minister of Finance under the Wft, when the Dutch Minister of Finance is of the opinion that the stability of the financial system is in serious and immediate danger due to the situation of the relevant financial institution and with a view to the stability of such system, include the power to (i) commence proceedings leading to ownership by the Dutch State (nationalisation) of the relevant financial institution, or also of its parent company, and expropriation of their respective assets, liabilities and/or securities (including debt securities such as the Capital Securities) as well as any claims against the institution or parent company, and (ii) take immediate measures which may deviate from statutory provisions or from the articles of association of the relevant financial institution (*financiële onderneming*) or its parent company (the **Dutch Law Intervention Powers**).

On 10 July 2013, the European Commission proposed a regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms (the **SRM Regulation**) in a framework of a single resolution mechanism and a single bank resolution fund (such mechanism, the **SRM**). The SRM Regulation was adopted on 15 July 2014 and became fully applicable as from 1 January 2016.

The SRM establishes a European single resolution board (**SRB**) (consisting of representatives from the ECB, the European Commission and the relevant national resolution authorities) that will manage (through the national resolution authorities or directly) the failing of any bank in the Eurozone and in other EU Member States participating in the European Banking Union. One of the aims of the SRM is a consistent application of the instruments and authorities granted to national resolution authorities under the BRRD. The SRB is directly responsible for dealing with banking groups that fall under direct supervision of the ECB under the SSM, as well as any

cross border banking groups. As a less significant bank without subsidiaries in other Eurozone countries, DNB is primarily responsible in its capacity as Dutch national resolution authority for the Issuer.

The SRM Regulation and the BRRD apply not only to banks, but may also apply to certain investment firms, group entities and (to a limited extent) branches of equivalent non-EEA banks and investment firms. In connection therewith, the SRM Regulation and the BRRD recognize and enable the application of the recovery and resolution framework both on the level of an individual entity as well as on a group level. The below should be read in the understanding that the Issuer may become subject to requirements and measures under the SRM Regulation and the BRRD not only with a view to or as a result of its individual financial situation, but also, in certain circumstances, with a view to or as a result of the financial situation of the group that it forms part of.

Under the SRM Regulation and the BRRD, DNB and/or any other resolution authority such as the SRB (each, a **Resolution Authority**) has four resolution tools and powers which may be used alone or in combination: (i) sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables resolution authorities to transfer assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) a bail-in tool that could result subordinated and/or senior debt instruments or other eligible liabilities of the Issuer absorbing losses by means of writing down debt or converting such liabilities into shares or other instruments of ownership of the Issuer, another group entity or a bridge institution (the **Bail-In Tool**) (such resolution tools and powers together, the **Resolution Powers**).

The Resolution Powers may be utilised by the Resolution Authority if the Resolution Authority determines that an institution meets the conditions for resolution, defined as:

a) the institution 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 within a reasonable timeframe; and
c) a resolution action is necessary in the public interest.

In addition to the Resolution Powers, resolution authorities have the power to permanently write-down or convert into equity capital instruments (such as the Capital Securities) at the point of non-viability and before any other resolution action is taken (**non-viability loss absorption**). Any shares or other instruments of ownership issued to holders of such capital instruments upon any such conversion into equity may also be subject to any application of the Resolution Powers.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the SRM Regulation and the BRRD is the point at which the Resolution Authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or, in certain circumstances, its group, will no

longer be viable unless the relevant capital instruments (such as the Capital Securities) are written-down or converted or extraordinary public financial support is to be provided and without such support the appropriate authority determines that the institution or group would no longer be viable.

The Resolution Authority should take the write-down and conversion steps in the following order (subject to certain exceptions, such as the exclusion or partial exclusion by the Resolution Authority of certain liabilities from the Bail-In Tool, and potential changes in the future):

(i) Common Equity Tier 1 items;
(ii) principal amount of Additional Tier 1 instruments;
(iii) principal amount of Tier 2 instruments;
(iv) principal amount of other subordinated debt (not Additional Tier 1 or Tier 2 instruments), in accordance with hierarchy of claims in normal insolvency proceedings; and
(v) principal amount of other not excluded liabilities, in accordance with hierarchy of claims in normal insolvency proceedings.

For the avoidance of doubt, any non-viability loss absorption measure can only extend to the instruments referred to under (i), (ii) and (iii) while the Bail-In Tool may also result in the write-down or conversion of the liabilities referred to under (iv) and (v).

Holders should be aware that one of the purposes of the resolution tools available to the Resolution Authority is to protect public funds by minimising reliance on extraordinary public financial support and as a result financial public support will only be used as a last resort after having assessed and used, to the maximum extent practicable, the resolution tools, including the Bail-In Tool. Therefore there is a real risk that the resolution tools will be applied by the Resolution Authority if the Issuer meets the conditions for resolution as set out above.

As a result of the exercise of any Bail-In Tool or non-viability loss absorption measure, the Capital Securities could, in certain circumstances, become subject to a determination by the Resolution Authority that all or part of the principal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be written off, converted into shares or other instruments of ownership of the Issuer, a group entity or bridge institution, or otherwise be applied to absorb losses. Exercise of the Bail-In Tool or non-viability loss absorption measure shall not constitute an event of default in respect of the relevant Capital Securities. As a consequence, the Holders will have no further claims in respect of any amount so written off or otherwise as a result of such measure and a Holder could lose its entire claim on the Issuer resulting from the Capital Securities.

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

Any determination that the Issuer will become subject to Resolution Powers or that all or part of the principal amount of the Capital Securities will be subject to the Resolution Powers or non-viability loss absorption measure may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer's control. Accordingly, trading behaviour in respect of Capital Securities which are subject to the Resolution Powers or non-viability loss absorption measure or are issued by an issuer that is subject to Resolution Powers is not necessarily expected to follow trading behaviour associated with other types of securities. Any (perceived) indication that the Issuer will become subject to Resolution Powers or that the Capital Securities will become subject to the Resolution Powers or non-viability loss absorption measure could

have an adverse effect on the market price of the relevant Capital Securities. Potential investors should consider the risk that a Holder may lose all of its investment in such Capital Securities, including the principal amount plus any accrued but unpaid interest, if such measures were to be taken. In addition, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Holders in the resolution and there can be no assurance that Holders would recover such compensation promptly.

In addition to the Bail-In Tool and non-viability loss absorption measure, the SRM Regulation and the BRRD provide the Resolution Authority 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 (such as the Capital Securities), 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.

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

The SRM Regulation, BRRD and the Revised State Aid Guidelines could negatively affect the position of the Holders and the credit rating attached to debt instruments then outstanding and could result in losses to Holders, in particular if and when any of the above proceedings would be commenced against the Issuer. These measures could increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's financial condition and results of operation. In addition, there could be further amendments to the SRM Regulation, BRRD and the Revised State Aid Guidelines, which may add to these effects.

In summary, the Issuer is unable to predict what effects, if any, the Dutch Law Intervention Powers, the BRRD, the SRM Regulation and the Revised State Aid Guidelines may have on the financial system generally, the Issuer's counterparties, or on the Issuer, its operations and/or its financial condition or the Capital Securities. The Dutch Law Intervention Powers, the BRRD, the SRM Regulation and the Revised State Aid Guidelines could negatively affect the position of Holders and the credit rating attached to the Capital Securities, in particular if and when any of the above proceedings would be commenced or would be perceived to commence against the Issuer, since the application of any such legislation may affect the rights and effective remedies of the Holders as well as the market value of the Capital Securities.

Minimum requirement for own funds and eligible liabilities under the SRM Regulation and the BRRD

Pursuant to the SRM Regulation and the BRRD, banks are required to meet at all times a minimum amount of own funds (which includes Common Equity Tier 1 instruments, Additional Tier 1 instruments and Tier 2 instruments) and eligible liabilities (**MREL**) expressed as a percentage of the total liabilities and own funds to ensure the effective application of the Bail-In Tool. The Resolution Authority shall establish a level of minimum MREL on a bank-by-bank

basis based on assessment criteria to be set out in technical regulatory standards. On 23 May 2016, the European Commission adopted regulatory technical standards on the criteria for determining MREL under the BRRD (the **MREL Delegated Regulation**). The level of own funds and eligible liabilities required under MREL will be set by the resolution authority for each bank (and/or group) based on, among other things, the criteria set forth in Article 45.6 of the BRRD, including the systemic importance of the institution. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The MREL requirement came into force on 1 January 2016. However, the EBA has recognised the impact which this requirement may have on banks' funding structures and costs and the MREL Delegated Regulation states that the resolution authorities shall determine an appropriate transitional period but that this shall be as short as possible. As part of the EU Banking Reforms, the European Commission announced a further package of reforms to the BRRD and the SRM Regulation, including to the MREL requirement on 23 November 2016. As part of these reforms, the European Commission proposed to harmonise the priority ranking of unsecured debt instruments under national insolvency proceedings with the adoption of a new directive, amending the BRRD (Directive (EU) 2017/2399, the **Amendment Directive**), introducing a new statutory category of unsecured debt available in all EU Member States and which would rank just below the most senior debt and other senior liabilities for the purposes of resolution, while still being part of the senior unsecured debt category (so called "senior non-preferred debt"). The Amendment Directive entered into force on 28 December 2017. Save for certain elements, such as the required implementation in the EU Member States of the senior non-preferred debt ultimately by 29 December 2018, the timing for the final implementation of the EU Banking Reforms as at the date of this Prospectus is unclear. A bill implementing the requirement for senior non-preferred debt in the Netherlands came into force in December 2018.

On 14 December 2016, the EBA submitted a final report on the implementation and design of the MREL framework (the **EBA MREL Report**) which contains a number of recommendations to amend the current MREL framework. The EU Banking Reforms contain the legislative proposal of the European Commission for the amendment of the MREL framework and the implementation of the TLAC standards. The EU Banking Reforms propose the amendment of a number of aspects of the MREL framework to align it with the TLAC Standards (as defined below). To maintain coherence between the MREL rules applicable to G-SIBs and those applicable to non-G-SIBs, the EU Banking Reforms 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 Reforms 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. For G-SIBs it is also proposed that a supplementary or "Pillar 2" MREL requirement may be further imposed on a bank-specific basis. The EU Banking Reforms further provide for the resolution authorities to give guidance to an institution to have own funds and eligible liabilities in excess of the requisite levels for certain purposes.

The MREL framework may be subject to substantial change over the coming years, amongst others, as a result of the changes envisaged in the EU Banking Reforms. As a result it is not possible to give any assurances as to the ultimate scope, nature, timing, disclosure and consequences of breach of any resulting obligations, or the impact that they will have on the Issuer once implemented. 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. The above requirements (and any actual, or perceived likelihood of any, breach of

them) may also affect the market value of Capital Securities. At this point in time, it is not possible for the Issuer to assess the impact which these changes will have on it once implemented. If the EU Banking Reforms are adopted in their current form, a failure by the Issuer and/or the Group to comply with the TLAC Standard / MREL requirement means the Issuer could become subject to the restrictions on payments on Additional Tier 1 instruments, including the Capital Securities (subject to a potential six-month grace period for such restrictions to apply in case specific conditions laid down in the EU Banking Reforms are met, e.g. where such breach of the combined buffer requirement is due to a temporary inability to issue new debt that is eligible for MREL). At the date of this Prospectus, the National Resolution Authority has not determined the minimum MREL of the Issuer.

The Financial Stability Board and additional governmental measures

In addition to the adoption of the laws, regulations and other measures described herein, regulators and lawmakers around the world are actively reviewing the causes of the financial crisis and exploring steps to avoid similar problems in the future. In many respects, this work is being led by the Financial Stability Board (**FSB**), consisting of representatives of national financial authorities of the G20 nations. The G20 and the FSB have issued a series of papers and recommendations intended to produce significant changes in how financial companies, particularly companies that are members of large and complex financial groups, should be regulated. The FSB has developed proposals to enhance the total loss-absorbing capacity (**TLAC**) of global systemically important banks in resolution. On 9 November 2015, the FSB issued the final TLAC standard (the **TLAC Standard**) for global systemically important banks (**G-SIBs**). The TLAC standard has been designed so that failing G-SIBs will have sufficient loss-absorbing and recapitalisation capacity available in resolution for authorities to implement an orderly resolution that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss. The TLAC standard defines a minimum requirement for the instruments and liabilities that should be readily available for bail-in within resolution at G-SIBs, but does not limit authorities' powers under the applicable resolution law to expose other liabilities to loss through bail-in or the application of other resolution tools. Work is currently ongoing in the EU to implement the TLAC standard into EU legislation. In particular the European Commission has proposed to incorporate TLAC into the capital requirement framework, as an extension to the own funds requirements and as part of the EU Banking Reforms as discussed above under '*Minimum requirement for own funds and eligible liabilities under the SRM Regulation and the BRRD'.* Therefore, although the TLAC Standard will not be applicable to the Issuer because it is not a G-SIB, future capital and buffer requirements applicable to the Issuer will increase in order to be more in line with the TLAC Standard for G-SIBs and as a result there is a possibility that the Issuer will be required to strengthen its capital position. This may result in higher capital and funding costs for the Issuer, and as a result may materially and adversely affect the Issuer's profits and its possible ability to pay dividends.

Furthermore, the lawmakers and regulatory authorities in a number of jurisdictions in which the Issuer conducts or may conduct business have already begun introducing legislative and regulatory changes consistent with earlier G20 and FSB recommendations, and not limited to companies that are members of large and complex financial groups but extending to all banks, including proposals governing executive compensation by the financial regulators in the EU (the ECB), the Netherlands (DNB), Germany (BaFIN) and the United Kingdom (FSA).

Furthermore, governments in the Netherlands and abroad have also intervened in the banking sector over the past few years on an unprecedented scale, responding to stresses experienced in the global financial markets.

Risk associated with Compensation Schemes

In the Netherlands and other jurisdictions deposit guarantee schemes and similar funds (**Compensation Schemes**) have been implemented and a euro-area wide deposit insurance scheme for bank deposits was proposed by the European Commission on 24 November 2015, which will come into effect in 2024.

Pursuant to such schemes from which compensation may become payable to customers of financial services firms in the event the financial service firm is unable to pay, or unlikely to pay, claims against it. In many jurisdictions these Compensation Schemes are funded, directly or indirectly, by financial services firms which operate and/or are licensed in the relevant jurisdiction. As a result of the increased number of bank failures, in particular since the fall of 2008, the Issuer expects that levies in the industry will continue to rise as a result of the Compensation Schemes. In particular, the Issuer is a participant in the Deposit Guarantee Scheme, which guarantees an amount of EUR 100,000 per person per bank (regardless of the number of accounts held). The costs involved with making compensation payments under the Deposit Guarantee Scheme are allocated among the participating banks by DNB, based on an allocation key related to their market shares with respect to the deposits protected by the Deposit Guarantee Scheme. The ultimate costs to the industry of payments which may become due under the Compensation Schemes remain uncertain although they may be significant and the associated costs to the Issuer may have a material adverse effect on its business, results of operations, financial condition and prospects. The costs associated with the euro area wide-deposit insurance scheme are currently unknown and may be significant. As of 26 November 2015, the Deposit Guarantee Scheme has changed from an ex-post scheme, where the Issuer contributes after the failure of a firm, to an ex-ante scheme where the Issuer and other financial institutions will pay risk-weighted contributions into a fund to cover future drawings under the Deposit Guarantee Scheme. The fund is expected to grow to a target size of 0.8 per cent. of all deposits guaranteed under the Deposit Guarantee Scheme, approximately EUR 4 billion at present. The target size should be reached by 3 July 2024. The costs associated with potential future ex-ante contributions may vary from time to time, and will depend on the methodology used to calculate risk-weighting, but may be significant.

In addition to the Deposit Guarantee Scheme, the Issuer is required to contribute mandatorily to a Single Resolution Fund. The Single Resolution Fund is financed by ex-ante individual contributions from banks, such as the Issuer. These contributions are calculated on the basis of each bank's liabilities compared (excluding own funds and covered deposits), and adjusted for risk. The Single Resolution Fund is built up over a period of eight years to reach the target level of at least 1 per cent. of the amount of covered deposits of all banks authorised in all member states participating in the SRM by 31 December 2023. The ultimate costs to the industry of payments under the Single Resolution Fund may be significant and these and other associated costs to the Issuer may have a material adverse effect on its business, results of operations, financial condition and prospects.

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

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

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

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

The Issuer may be unable to retain key personnel

The success of the Issuer's operations is dependent, among other things, on the Issuer's ability to attract and retain highly qualified professional personnel. The Issuer's ability to attract and retain key personnel is dependent on a number of factors, including reputation, prevailing market conditions and compensation packages offered by companies competing for the same talent.

As a part of the responses of the European Commission and governments throughout Europe to the financial crisis in 2008, there have been and will be various legislative initiatives, including those set out in Directive 2013/36/EU, the Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013 of the EBA and the Regulation of DNB on Sound Remuneration Policies (*Regeling beheerst beloningsbeleid Wft 2014*) which has most recently been revised as at 8 December 2017 (*Regeling beheerst beloningsbeleid Wft 2017*). Further to that, the Dutch Act on remuneration policy for financial enterprises (*Wet beloningsbeleid financiële ondernemingen*) has been enacted to ensure that financial institutions' remuneration policies and practices are consistent with and promote sound and effective risk management, and that impose restrictions on the remuneration of personnel, with a focus on risk alignment of performance-related remuneration. These restrictions have had and will have an impact on the Issuer's existing remuneration policies and individual remuneration packages of personnel.

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

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

The Issuer has developed risk management policies and procedures and the Issuer expects to continue to do so in the future. Nonetheless, the Issuer's policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during extremely turbulent times. The methods the Issuer uses to manage, estimate and measure risk are partly based on historic market behaviour. The methods may, therefore, prove to be inadequate for predicting future risk exposure, which may be significantly greater than what is suggested by historic experience. For instance, these methods may not predict the losses seen in the stressed conditions in recent periods, and may also not adequately allow prediction of circumstances arising due to the government interventions, stimulus and/or austerity packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, clients or other information that is publicly known or otherwise available to the Issuer. Such information may not always be correct, complete, updated or correctly evaluated.

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

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

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

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

Third parties that owe the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include the issuers and guarantors (including sovereigns) of

securities the Issuer holds, borrowers under loans originated, clients, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses, securities depositaries and other financial intermediaries. Severe distress or defaults by one or more of these parties on their obligations to the Issuer due to fraud, bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure, etc., or even rumours about potential severe distress or defaults by one or more of these parties or regarding the financial services industry generally, could lead to losses for the Issuer, and defaults by other institutions. In light of experiences with significant constraints on liquidity and high cost of funds in the interbank lending market, and given the high level of interdependence between financial institutions, the Issuer is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of sovereigns and other financial services institutions.

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

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

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

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

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

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The Issuer's credit ratings are important to its ability to raise capital through the issuance of debt instruments and to the cost of such financing. In the event of a downgrade the cost of issuing debt will increase, having an adverse effect on net results. Certain institutional

investors may also be obliged to withdraw their deposits or investments in such debt instruments from the Issuer following a downgrade, which could have an adverse effect on liquidity. The Issuer has credit ratings from S&P and Fitch. Each of the rating agencies reviews its ratings and rating methodologies on a recurring basis and may decide on a downgrade at any time.

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

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

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

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

1. decrease the estimated fair value of certain fixed income securities the Issuer holds in its investment portfolios resulting in:
    - reduced levels of unrealised capital gains available to it which could negatively impact its solvency position and net income; and/or
    - a decrease of collateral values; and/or
2. require the Issuer, as an issuer of securities, to pay higher interest rates on debt securities it issues in the financial markets from time to time to finance its operations which would increase its interest expenses and reduce its results of operations.

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

1. result in impairment charges to equity securities that the Issuer holds in its investment portfolios and reduced levels of unrealised capital gains available to it which would reduce its net income and negatively impact its solvency position; and/or
2. negatively impact the ability of the Issuer's asset management activities to retain and attract assets under management, as well as the value of assets they do manage, which may negatively impact their results of operations.

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

Adverse publicity and damage to the Issuer's reputation arising from its failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities

involving other large and well-known companies, increasing regulatory and law enforcement scrutiny of "know your customer", anti-money laundering, prohibited transactions with countries subject to sanctions, and anti-bribery or other anti-corruption measures and anti-terrorist-financing procedures and their effectiveness, regulatory investigations of the financial services industry, and litigation that arises from the failure or perceived failure by the Issuer to comply with legal, regulatory and compliance requirements, could result in adverse publicity and reputation harm, lead to increased regulatory supervision, affect the Issuer's ability to attract and retain clients, reduced access to the capital markets, result in cease and desist orders, suits, enforcement actions, fines and civil and criminal penalties, other disciplinary action or have other material adverse effects on the Issuer in ways that are not predictable.

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

The Issuer is subject to changes in financial reporting standards or policies which could materially adversely affect the Issuer's reported results of operations and financial condition

The Issuer's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (**IFRS**), 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, or as a result of choices made by the Issuer, could change the current accounting treatment that applies to its consolidated financial statements and that such changes could have a material adverse effect on the Issuer's reported results of operations and financial condition and may have a corresponding impact on capital ratios.

The IASB issued in July 2014 a new accounting standard for financial instruments also known as IFRS 9 'Financial Instruments'. IFRS 9, which was endorsed by the EU in November 2016, has replaced IAS 39 for annual periods beginning on or after 1 January 2018, with early adoption permitted. Such changes could have an impact on the Issuer's reported results and financial condition, as well as how the Issuer manages its business, internal controls and disclosure.

Risks related to the Capital Securities

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

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

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

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where the currency for payments in respect of the Capital Securities is different from the potential investor's

currency and including the possibility that the entire principal amount of the Capital Securities could be lost;

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

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

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

The Capital Securities constitute deeply subordinated obligations

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

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

Securities. Furthermore, pursuant to Condition 3.3, any right of set-off of any Holder at any time in respect of any amount owed to it by the Issuer arising under or in connection with the Capital Securities shall be excluded and therefore a Holder may under no circumstance set-off any payment obligations it may have towards the Issuer against any amount owed to it by the Issuer arising under or in connection with the Capital Securities. A Holder may therefore recover less than the holders of deposit liabilities or the holders of unsubordinated liabilities or prior ranking subordinated liabilities of the Issuer.

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

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

The Terms and Conditions of the Capital Securities do not limit the amount of liabilities ranking senior or *pari passu* in priority of payment to the Capital Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the Capital Securities nor do they restrict the Issuer in issuing Additional Tier 1 instruments with other write-down mechanisms or trigger levels or that convert into shares upon a trigger event. The Issuer may be able to incur significant additional secured or unsecured unsubordinated indebtedness and/or prior-ranking subordinated indebtedness. If the Issuer becomes insolvent or is liquidated, or if payment under any secured or unsecured unsubordinated and/or prior-ranking subordinated debt obligations is accelerated, the Issuer's secured or unsecured unsubordinated or, as the case may be, prior-ranking subordinated lenders would be entitled to exercise the remedies available to a secured or unsecured unsubordinated and/or prior-ranking subordinated lender before the Holders.

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

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

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

circumstances, the Issuer may decide not to pay interest on the Capital Securities or may be required not to pay such interest" below.

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

The regulation and reform of "benchmarks" may adversely affect the value of Capital Securities

The Euro Interbank Offered Rate (**EURIBOR**) and other indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms, such as the introduction of the Benchmarks Regulation (as defined below) are already effective while others are still to be implemented.

These reforms may cause such benchmarks to perform differently than in the past (as a result of a change in methodology or otherwise), to disappear entirely, create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Regulation (EU) 2016/1011 (the **Benchmarks 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 a benchmark and the use of a benchmark, within the EU. In particular, among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

Additionally, in March 2017, the EMMI 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 Benchmarks 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.

The Benchmarks Regulation could have a material impact on the Capital Securities, as the Reset Rate of Interest is based on the 5-year Mid-Swap Rate Quotations which includes a floating leg based on six-month EURIBOR and which is deemed to be a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Pursuant to the fall-back provisions applicable to Capital Securities, an Independent Adviser appointed by the Issuer will have the discretion to determine whether an Alternative Benchmark Rate is available which will determine the way in which the interest rate is set. If the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine an Alternative Benchmark Rate, then the Issuer (in consultation with the Agent and acting in good faith and a commercially reasonable manner) may determine which rate (if any) has replaced the 5-year Mid-Swap Rate in customary market usage for purposes of determining a 5-year mid-swap rate denominated in Euro, or, if it determines that there is no such rate, which rate (if any) is most comparable to the 5-year Mid-Swap Rate, and the Alternative Benchmark Rate shall be the rate so determined by

the Issuer. This may lead to a conflict between the interests of the Issuer and the Holders. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility or the level of the published rate or level of the "benchmark".

Furthermore, if an Alternative Benchmark Rate is determined by the Independent Adviser or the Issuer, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Alternative Benchmark Rate, without any requirement for consent or approval of the holders of the Capital Securities.

If an Alternative Benchmark Rate is determined by the Independent Adviser or the Issuer, the Conditions also provide that an adjustment factor may be determined by such Independent Adviser or the Issuer, following consultation with the Agent, to be applied to such Alternative Benchmark Rate. The aim of such adjustment factor is to make the 5-year Mid-Swap Rate comparable to a 5-year mid-swap rate based on the 6-months interbank deposit rate.

Under the Benchmarks Regulation, each of the Issuer and the Independent Adviser may be considered an 'administrator'. This is the case if it is considered to be in control over the provision of the Alternative Benchmark Rate and any adjustments made thereto and/or otherwise in determining the Reset Rate of Interest in the context of a fall-back scenario. This would mean that the Issuer and the Independent Adviser has control over the (i) administration of the arrangements for determining such rate, (ii) collection, analysis or processes of input data for the purposes of determining such rate and (iii) determination of such rate through the application of a method of calculation or by an assessment of input data for that purpose. Furthermore, for the Issuer and the Independent Adviser to be considered an 'administrator' under the Benchmarks Regulation, the Alternative Benchmark Rate and any adjustments made thereto and/or otherwise in determining the Reset Rate of Interest in the context of a fall-back scenario may be a benchmark (index) within the meaning of the Benchmarks Regulation. This may be the case if the Alternative Benchmark Rate and any adjustments made thereto and/or otherwise in determining the Reset Rate of Interest in the context of a fall-back scenario, is published or made available to the public and regularly determined by the application of a method of calculation or by an assessment, and on the basis of certain values or surveys.

The Benchmarks Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the Benchmarks Regulation. There is a risk that administrators (which may include the Issuer and the Independent Adviser in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorisation, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark. As a result, a fixed rate based on the rate which applied in the previous period when EURIBOR was available, may apply to the Capital Securities until the time that registration, authorised registration or endorsement of the relevant administrator has been completed or as substitute or successor rate for EURIBOR is available.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to such "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmarks" or (iii) lead to the disappearance of the "benchmark" without being replaced by a successor benchmark. Any of the above changes or any other consequential changes as a result of international, national or other

proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on the Capital Securities.

Potential investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation and benchmark reforms, investigations and licensing issues in making any investment decision with respect to the Capital Securities.

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

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

It is the Issuer's current intention that, whenever exercising its discretion to propose any dividend or distributions in respect of the ordinary shares of the Issuer, or its discretion to cancel any payment of interest on the Capital Securities, it will take into account the relative ranking of these instruments in its capital structure. However, the Issuer may at any time depart from this intention at its sole discretion, and as further set out in this risk factor, in accordance with the Applicable Banking Regulations and the Conditions, it may in its discretion elect to cancel any payment of interest on the Capital Securities or any distributions in respect of the ordinary shares at any time and for any reason.

Distributable Items relate to the Issuer's profits and distributable reserves determined on the basis of the Issuer's non-consolidated accounts as further described in Condition 4.2(b) (*Mandatory cancellation of interest*). The amount of Distributable Items available to pay interest on the Capital Securities may be affected, *inter alia*, by other discretionary interest payments on other (existing or future) capital instruments, including CET1 distributions and any write-up of principal amounts of Discretionary Temporary Write-down Instruments (if any). As at 31 December 2018, the Issuer's Distributable Items were approximately €1,157 million. The Maximum Distributable Amount will apply in circumstances where the Issuer does not meet certain combined capital buffer requirements (see also below and in the risk factor "*CRD IV includes capital requirements that are in addition to the minimum regulatory CET1 capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*").

Under article 141(2) (*Restrictions on distributions*) CRD IV Directive, member states of the European Union must require that institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific countercyclical capital buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and the other systemically important institutions buffer, in each case as applicable to the institution) will be subject to restricted discretionary payments (which are defined broadly by CRD IV as distributions in connection

with CET1 capital, payments on Additional Tier 1 Capital (including interest amounts on the Capital Securities and any write-ups of principal amounts (if applicable)) and payments of discretionary staff remuneration).

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

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

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

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

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

Holders of the Capital Securities may not be able to predict accurately the proximity of the risk of discretionary payments (of interest and principal) on the Capital Securities being prohibited

from time to time as a result of the operation of article 141 CRD IV Directive. In any event, the Issuer will have discretion as to how the Maximum Distributable Amount will be applied if insufficient to meet all expected distributions and is not obliged to take the interest of investors in the Capital Securities into account.

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

Payment of interest may also be affected by any application of the legislation in The Netherlands implementing the BRRD. See also below in the risk factors "*A Holder may lose all of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*". Furthermore, as outlined in the risk factor "*Minimum requirement for own funds and eligible liabilities under the SRM Regulation and the BRRD*", the regulatory framework around the TLAC/MREL Requirement is not yet in final form and is also the subject of the EU Banking Reforms. If the EU Banking Reforms are adopted in their current form, a failure by the Issuer and/or the Group to comply with the TLAC Standard/MREL requirements means the Issuer could become subject to the restrictions on payments on Additional Tier 1 instruments, including the Capital Securities (subject to a potential six-month grace period for such restrictions to apply in case specific conditions laid down in the EU Banking Reforms are met, e.g. where such breach of the combined buffer requirement is due to a temporary inability to issue new debt that is eligible for MREL). At the date of this Prospectus, the National Resolution Authority has not determined the minimum MREL of the Issuer.

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

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

It follows from the above that there can be no assurance that an investor will receive payments of interest in respect of the Capital Securities, and the Issuer's ability to make interest payments on the Capital Securities will depend on a combination of (i) the level of distributable reserves and the profits the Issuer has accumulated in the financial year preceding any interest payment date, (ii) the amount of outstanding capital instruments with interest cancellation provisions similar to the Capital Securities, (iii) the combined capital buffer and any other capital requirements (in addition to Pillar 1 and Pillar 2 capital requirements) applicable to the Issuer and the Group from time to time and (iv) the application of certain discretionary powers of the Competent Authority in respect of the Issuer. Furthermore, even if there were to be sufficient funds to make interest payments on the Capital Securities, the Issuer may still elect to cancel such interest payment for any reason and for any length of time. Furthermore, no interest will be

paid on any principal amount that has been written down following a Trigger Event and/or Statutory Loss Absorption and interest on any remaining principal amount following such write-down is subject to the Issuer having sufficient Distributable Items and, if applicable, sufficient Net Profit and the Maximum Distributable Amount not being exceeded (see the risk factors "*The principal amount of the Capital Securities may be reduced (Written Down) to absorb losses*" and "*A Holder may lose all of its investment in the Capital Securities including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*" and "*CRD IV includes capital requirements that are in addition to the minimum regulatory CET1 capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*" below).

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

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

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

The Capital Securities are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer. Such eligibility depends upon a number of conditions being satisfied. One of these relates to the ability of the Capital Securities and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, if the Issuer CET1 Ratio and/or the Group CET1 Ratio falls below 5.125 per cent (a **Trigger Event**), the Prevailing Principal Amount of the Capital Securities will be reduced with an amount at least sufficient to immediately cure the Trigger Event, and any accrued but unpaid interest will be cancelled. A Principal Write-down may occur at any time on one or more occasions (provided, however, that the principal amount of a Capital Security shall never be reduced to below one cent). Any Principal Write-down of the Capital Securities shall not constitute a default of the Issuer. Investors shall not be entitled to any compensation or to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer (without prejudice to any principal amount subsequently written-up at the discretion of the Issuer in accordance with the Principal Write-up mechanism as set out in Condition 8.2 (*Principal Write-up*)).

A Principal Write-down is expected to occur simultaneously with the concurrent pro rata write-down or conversion into equity of the prevailing principal amount of any Parity Loss Absorbing Instruments and after the write-down or conversion into equity of Prior Loss Absorbing Instruments with higher trigger levels (if any). However, this will not necessarily be the case. In particular, investors must note that to the extent such write-down or conversion into equity of

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

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

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

Investors may lose all or some of their investment as a result of a Principal Write-down or of reaching the point of non-viability (see also below in the risk factor "*A Holder may lose all of its investment in the Capital Securities, including the principal amount plus any accrued but unpaid interest, in the event that Statutory Loss Absorption occurs*") and due to the limited circumstances in which a Principal Write-up may be undertaken (outside of non-viability), any reinstatement of the Prevailing Principal Amount of the Capital Securities and recovery of such investment may take place over an extended period of time or not at all. In addition, if any of

the events listed in Condition 12 (*Limited Remedies in case of Non-Payment*) occurs prior to the Capital Securities being written-up in full pursuant to Condition 8.2 (*Principal Write-up*), Holders' claims for principal in liquidation or bankruptcy will be based on the reduced principal amount (if any) of the Capital Securities. Further, during the period of any Principal Write-down pursuant to Condition 8.1 (*Principal Write-down*), interest will accrue on the reduced principal amount of the Capital Securities and is subject to the Issuer having sufficient Distributable Items and, if applicable, sufficient Net Profit and the Maximum Distributable Amount not being exceeded. Also, any redemption at the option of the Issuer upon the occurrence of a Tax Event or a Capital Event will take place at the reduced principal amount of the Capital Securities.

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

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

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

The market price of the Capital Securities is expected to be affected by fluctuations in the Issuer CET1 Ratio and/or the Group CET1 Ratio. Any perceived or actual indication that the Issuer CET1 Ratio and/or the Group CET1 Ratio is trending towards the Trigger Event may have an adverse effect on the market price of the Capital Securities. The level of the Issuer CET1 Ratio and/or the Group CET1 Ratio may significantly affect the trading price of the Capital Securities.

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

As an example of potential regulatory changes which may impact the Issuer CET1 Ratio and/or the Group CET1 Ratio, the Basel Committee of Banking Supervision (**BCBS**) published

consultation proposals in 2014, 2015, and 2016 for the introduction of capital floors and on revised standardised risk weighted assets (**RWA**) calculations. On 7 December 2017, the BCBS published its final standards, which will become effective as of 2022. These standards are informally known as Basel IV and will be implemented in CRD IV. Basel IV introduced the capital floors based on standardised approaches and revisions to the standardised approaches for credit risk, operational risk, market risk, revision of the credit valuation adjustment framework for treatment of counterparty credit risk. The capital floors and other standards will become applicable as of 2022 and a transitional regime may apply. On the basis of the Issuer's current balance sheet and credit models, provisional calculations suggest that risk-weighted assets should increase by no more than 10% on the implementation of Basel IV. These provisional calculations are based on assumptions about the ultimate implementation of the Basel IV proposals in legislation.

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

Investors will not be able to monitor movements in the Issuer CET1 Ratio and/or the Group CET1 Ratio or any Maximum Distributable Amount on a continuous basis and it may therefore not be foreseeable when a Trigger Event may occur or whether interest payments must be cancelled. The Issuer will have no obligation to consider the interests of investors in connection with its strategic decisions, including in respect of its capital management. The Issuer currently intends to give due consideration to the capital hierarchy, however it may deviate from that approach in its sole discretion. Investors will not have any claim against the Issuer relating to decisions that affect the business and operations of the Issuer, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause investors to lose all or part of the value of their investment in the Capital Securities.

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

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

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

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

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

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

The combined buffer requirement consists of the following elements:

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

- **Institution-specific countercyclical capital buffer (*contracyclische kapitaalbuffer*)**: the institution-specific countercyclical capital buffer rate shall consist of the weighted average of the countercyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located; this rate will be between 0 per cent and 2.5 per cent of TREA (but may be set higher than 2.5 per cent where DNB considers that the conditions justify this). The designated authority in each member state must set the countercyclical capital buffer rate for exposures in its jurisdiction on a quarterly basis;

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

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

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

When an institution is subject to a systemic relevance buffer and a systemic risk buffer, either (i) the higher of these buffers applies or (ii) these buffers are cumulative, depending on the location of the exposures which the systemic risk buffer addresses.

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

It follows from the above that, as at the date of this Prospectus, the combined buffer requirement is set at 2.5 per cent of CET1 Capital above the minimum regulatory CET1 requirement of 4.5 per cent (or 7.00 per cent in aggregate). However, in the future the Issuer may need to comply with a higher combined buffer requirement. For example, the Competent Authority may impose a systemic risk buffer or introduce a countercyclical capital buffer.

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

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

In July 2016, the ECB confirmed that SREP will for the first time comprise two elements: Pillar 2 requirements (which are binding and breach of which can have direct legal consequences for banks) and Pillar 2 guidance (with which banks are expected to comply but breach of which does not automatically trigger any legal action). Accordingly, in the capital stack of a bank, the Pillar 2 guidance is in addition to (and "sits above") that bank's Pillar 1 capital requirements, its Pillar 2 requirements and its combined buffer requirement. It follows that if a bank does not meet its Pillar 2 guidance, supervisory authorities may specify supervisory measures but it is only if it fails to maintain its capital buffer requirement that the mandatory restrictions on discretionary payments (including payments on its CET1 and Additional Tier 1 instruments) based on its Maximum Distributable Amount will apply. These changes are also reflected in the EU Banking Reforms. However, there can be no assurance as to the relationship between the "Pillar 2" additional own funds requirements applicable to the Group and/or the Issuer and the restrictions on discretionary payments (including distributions on the Capital Securities) and as to how and when effect will be given to the EBA's guidelines and/or the EU Banking Reforms in The Netherlands, including as to the consequences for a bank of its capital levels falling below the minimum own funds requirements, additional own funds requirements and/or combined buffer requirement referred to above.

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

combined buffer requirement is due to a temporary inability to issue new debt that is eligible for MREL).

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

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

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

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

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

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

Recovery and resolution plans

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

The Resolution Authorities responsible for a resolution in relation to the Issuer will draw up the Issuer's resolution plan providing for resolution actions it may take if the Issuer would fail or would be likely to fail. In drawing up the Issuer's resolution plan, the Resolution Authorities will identify any material impediments to the Issuer's resolvability. Where necessary, the Resolution Authorities may require the Issuer to remove such impediments. This may lead to

mandatory legal restructuring of the Issuer, which could lead to high transaction costs, or could make the Issuer's business operations or its funding mix to become less optimally composed or more expensive. The Resolution Authorities may also require the Issuer to issue additional liabilities at various levels within the Issuer or concentrated at the level of the Group. This may result in higher capital and funding costs for the Issuer, and as a result adversely affect the Issuer's profits and its possible ability to pay dividends and/or interest on the Capital Securities.

Early intervention

If the Issuer would infringe or, due to a rapidly deteriorating financial condition, would be likely to infringe capital or liquidity requirements in the near future, the supervisory authorities will have the power to impose early intervention measures. A rapidly deteriorating financial condition could, for example, occur in case of a deterioration of the Issuer's liquidity situation, increasing level of leverage and non-performing loans. Intervention measures include the power to require changes to the legal or operational structure of the institution, changes to the institutions' business strategy, the Issuer's managing board to convene a general meeting of shareholders, set the agenda and require certain decisions to be considered for adoption by the general meeting.

Statutory Loss Absorption

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

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

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

In addition, the Terms and Conditions of the Capital Securities stipulate that, subject to the determination by the relevant Resolution Authority and without the consent of the Holders, the Capital Securities may be subject to other resolution measures as envisaged under by the Applicable Resolution Framework; that such determination, the implementation thereof and the rights of Holders shall be as prescribed by the Applicable Resolution Framework, which may, *inter alia*, include the concept that, upon such determination no Holder shall be entitled to claim any indemnification arising from any such event and that any such event shall not constitute an event of default or entitle the Holders to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer.

The determination that all or part of the nominal amount of the Capital Securities will be subject to Statutory Loss Absorption may be inherently unpredictable and may depend on a number of

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

No scheduled redemption

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

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

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

(b) by selling their Capital Securities; or

(c) by claiming for any principal amounts due and not paid in any bankruptcy or dissolution or winding up (*ontbinding en vereffening*) of the Issuer.

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

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

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

An optional redemption feature is likely to limit the market value of the Capital Securities. During any period when the Issuer may elect to redeem the Capital Securities, the market value

of the Capital Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. In addition, investors will not receive a make-whole amount or any other compensation in the event of any early redemption of Capital Securities.

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

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

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

The Issuer may if a Tax Event or a Capital Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption*), subject to compliance with any conditions prescribed under Applicable Banking Regulations, including the prior permission of the Competent Authority if required at the relevant time, but without any requirement for the consent or approval of the Holders, substitute the Capital Securities or vary the terms of the Capital Securities provided that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and that such substitution or variation shall not result in terms that are materially less favourable to the Holders, other than in respect of the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption*) (as reasonably determined by the Issuer). Following such variation or substitution the resulting securities must have *inter alia*, at least, the same ranking and interest rate and the same interest payment dates, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Capital Securities. Nonetheless, no assurance can be given as to whether any of these changes will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such varied or substituted Capital Securities could be different for some categories of investors from the tax and stamp duty consequences of their holding the Capital Securities prior to such variation or substitution. See Condition 7 (*Substitution and Variation*) of the Terms and Conditions of the Capital Securities.

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

The Capital Securities are subject to modification, waivers and substitution

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

The Terms and Conditions of the Capital Securities also provide that the Issuer and the Agent may, without the consent of Holders, agree to (i) any modification (not being a modification requiring the approval of a meeting of Holders) of the Agency Agreement which is not, in the sole opinion of the Issuer (acting reasonably), materially prejudicial to the interests of Holders, (ii) any modification of the Capital Securities or the Agency Agreement which is, in the sole opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law or as a result of the operation of a benchmark replacement in accordance with Condition 4.2 (d) or (iii) following a merger between the Group and the Issuer by way of a legal merger (*juridische fusie*) or otherwise, make any modification of the Capital Securities, the Coupons or the Agency Agreement which follows from such merger. Such modifications may relate to the Trigger Event at the level of the Group or the Issuer falling away.

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

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

The Terms and Conditions of the Capital Securities do not provide for events of default allowing acceleration of the Capital Securities if certain events occur, for example if the Issuer fails to pay any amount of interest or principal when due. Also, the Capital Securities cannot cross default based on non-payment on other securities, except where such non-payment on other securities itself results in the winding-up of the Issuer. Accordingly, if the Issuer fails to meet any obligation under the Capital Securities, including the payment of interest or the Prevailing Principal Amount of the Capital Securities following the exercise of a right to redeem the Capital Securities as referred in Condition 6 (*Redemption and Purchase*), such failure will not give the Holder any right to accelerate the Capital Securities. Accrued but unpaid interest will be deemed cancelled (see the risk factor "*In certain circumstances, the Issuer may decide not to pay interest on the Capital Securities or may be required by the Terms and Conditions of the Capital Securities not to pay such interest*"). The sole remedy available to the Holder for recovery of amounts owing in respect of due but unpaid Prevailing Principal Amount will be to demand payment of its claim in the winding-up or liquidation of the Issuer. Liquidation or winding-up of the Issuer may take place if any of the events specified in the risk factor "*The Capital Securities constitute deeply subordinated obligations*" above were to occur. See Condition 12 (*Limited Remedies in case of Non-Payment*). Holders have limited power to invoke the liquidation of the Issuer and will be responsible for taking all steps necessary for submitting claims in any bankruptcy proceedings or voluntary liquidation in relation to any claims they may have against the Issuer.

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

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

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

Change of law and jurisdiction may impact the Capital Securities

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

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

Because the Global Capital Security is held on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the procedures for transfer, payment and communication with the Issuer of Euroclear and Clearstream, Luxembourg and any nominee service providers used by such investors to hold their investment in the Capital Securities
The Capital Securities will be represented by the Temporary Global Security which is exchangeable for the Permanent Global Security. The Global Capital Securities will be held by a common safekeeper for Euroclear and Clearstream, Luxembourg. Holders will not be entitled to receive Definitive Capital Securities, except in certain limited circumstances, as more fully described in the section headed "*Form of the Capital Securities*" below. For as long as the Capital Securities are represented by a Global Capital Security held by a common safekeeper for Euroclear and/or Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on the Global Capital Securities will be made through Euroclear and/or Clearstream, Luxembourg (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Capital Security. The bearer of the relevant Global Capital Security, being the common safekeeper for Euroclear and/or Clearstream, Luxembourg, shall be treated by the Issuer and any Paying Agent and the Agent as the sole holder of the Capital Securities represented by such Global Capital Security with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Capital Securities. No person other than the holder of such Global Capital Security shall have any claim against the Issuer in respect of any payments due on that Global Capital Security. The term Holder in these risk factors and the Terms and Conditions should be construed accordingly.

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

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

Furthermore, should a Capital Security be accelerated in the limited circumstances described in Condition 12 (*Limited Remedies in case of Non-Payment*) (see the risk factor "*The Terms and Conditions of the Capital Securities do not provide for events of default allowing acceleration of the Capital Securities*" above) where any Capital Security is still represented by a Global Capital Security, only investors which are accountholders holding their Capital Securities so represented and credited to their account with Euroclear or Clearstream, Luxembourg, will become entitled to proceed directly against the Issuer ("direct rights"). Any other investors in the Capital Securities will have to rely upon the nominee service provider which is the accountholder with Euroclear and/or Clearstream, Luxembourg through which such investor made arrangements to invest in the Capital Securities or should require such nominee service provide to transfer such direct rights to the investor.

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

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

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

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

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

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

Tax consequences of holding the Capital Securities may be complex

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

Deductibility of payments on the Capital Securities

As of 1 January 2014 up to and including 31 December 2018, article 29a of the Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*, **CITA**) was into force which article provided, among others, for debt treatment of securities that qualify as additional tier 1 capital under article 52 of the CRR in respect of the determination of the profit for Dutch corporate income tax purposes. In addition, article 29a CITA determined that such securities do not qualify as a loan within the meaning of article 10, paragraph 1, under d CITA. As a result, the interest payments on additional tier 1 capital were not limited in deductibility on the basis of article 10, paragraph 1 under d CITA. Provided no other specific interest deduction limitation rule of the CITA applied, the interest payments on additional tier 1 capital were deductible for Dutch corporate income tax purposes pursuant to the CITA. However, as of 1 January 2019, article 29a CITA has been abolished. The assumed view of the Dutch government is that without article 29a CITA the interest due in respect of the Capital Securities will not be deductible for Dutch corporate income tax purposes. The assumed view of the Dutch government is based on the position that the Capital Securities do not qualify as a debt instrument (*vreemd vermogen*) for Dutch civil law purposes. This position is not undebated and may be subject to legal challenge. Currently, the deductibility of the interest payments on the Capital Securities for Dutch corporate income tax purposes is therefore uncertain. Should it be determined by the Issuer, the Dutch tax authorities or a judicial authority that based on the tax legislation in force as of the date of this Prospectus the interest payments on the Capital Securities would not be deductible for Dutch corporate income tax purposes, this will not trigger the conditions for redemption of the Capital Securities under Condition 6.3 (*Redemption for Taxation Reasons*). However, the non-deductibility of interest may cause the Issuer to redeem the Capital Securities at the earliest possible date.

Dutch withholding tax on payments in respect of the Capital Securities
The absence of any Dutch withholding tax on payments in respect of the Capital Securities, as referred to in the paragraph 1(a) (*Withholding Tax*) of the section "Taxation – The Netherlands", is based, amongst others, on public statements made by the Dutch Minister of Finance and the Dutch State Secretary of Finance confirming that no Dutch dividend withholding tax is payable on the coupons of Tier 1 capital instruments. If the Dutch Minister of Finance and the Dutch State Secretary of Finance change their position in respect of interest payments on Tier 1 capital instruments and if the interest payments by the Issuer on the Capital Securities would be subject to withholding tax imposed by the Netherlands, the Issuer could be entitled to exercise its right to redeem the Capital Securities pursuant to clause Condition 6.3 (*Redemption for Taxation Reasons*) and subject to Condition 6.6 (*Conditions for Redemption and Purchase*).

It is not certain whether the European Commission agrees with the reasoning of the Dutch government with respect to the absence of withholding tax. It is possible that the European Commission takes the position that not requiring the imposition of withholding tax on Tier 1 capital instruments is in contravention of EU state aid prohibitions.

Risks related to announced tax initiatives of the Dutch government
On 10 October 2017, the Dutch government released its coalition agreement (*Regeerakkoord*) 2017-2021, which includes, among others, certain policy intentions for tax reform. On 23 February 2018, the Dutch State Secretary of Finance published a letter with an annex containing further details on the government's policy intentions against tax avoidance and tax evasion. These intentions have been included in the Tax Plan 2019 (*Pakket Belastingplan* 2019) and related legislative proposals as published by the Dutch government on 18 September 2018. Two policy intentions in particular may become relevant in the context of the Dutch tax treatment of the Issuer, the Capital Securities, and/or payments under the Capital Securities.

The first policy intention relates to the introduction of a withholding tax on interest paid to creditors in low tax jurisdictions, including non-cooperative jurisdictions, as of 2021. The coalition agreement and the annex to the letter suggest that this interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to a group entity in a low tax or non-cooperative jurisdiction. This intention is reconfirmed in the letter of the Dutch State Secretary of Finance of 15 October 2018. However, it cannot be ruled out that, contrary to the information publically available to date, it will have a wider application and, as such, it could potentially be applicable to interest payments under the Capital Securities. It is currently not expected that the introduction of this interest withholding tax would trigger the conditions for redemption under Condition 6.3 (*Redemption for Taxation Reasons*). However, even if such conditions for redemption would be met, the Issuer currently has the intention not to redeem the Capital Securities should payments of interest to holders of Capital Securities who are group companies of the Issuer only become subject to Dutch withholding tax solely by reason of the introduction of such withholding tax as set out in the coalition agreement and the annex to the letter.

The second policy intention relates to the introduction of a thin capitalisation rule as of 2020 that would limit the deduction of interest for tax payers such as banks and insurance companies if highly leveraged. On 18 March 2019, the Dutch government published a consultation paper regarding this thin capitalisation rule including draft legislation for consultation purposes. The draft legislation limits the applicability of the thin capitalisation rule to qualifying banks and insurance companies, such as the Issuer. In short, the rule would apply to banks with an equity of less than 8% of the balance sheet total (to be determined on the basis of a set of specific provisions which refer, amongst others, to CRR). If the rule is implemented in Dutch law in accordance with this draft legislation, the thin capitalisation rule may have an adverse impact on the amount of interest that the Issuer can deduct for Dutch corporate income tax purposes and thus on its financial position. It is currently not expected that the introduction of this thin

capitalisation rule would trigger the conditions for redemption under Condition 6.3 (*Redemption for Taxation Reasons*). However, even if such conditions for redemption would be met, the Issuer currently has the intention not to redeem the Capital Securities should interest on the Capital Securities no longer be fully deductible, in whole or in part, solely by reason of the introduction of the thin capitalisation rule as set out in the draft legislation.

Holders may be subject to withholding tax under FATCA

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

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

Financial transaction tax

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transaction tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Capital Securities (including secondary market transactions) in certain circumstances.

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

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

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

Legality of purchase

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Capital Securities by a potential investor in the Capital Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that potential investor with any law, regulation or regulatory policy applicable to it. The Manager is also required to comply with the PI Rules and as a result of this compliance, potential investors will be required to give the representations, warranties, agreements and undertakings as set out on page 5 of this Prospectus.

Legal investment considerations may restrict certain investments

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

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

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

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

OVERVIEW

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

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

Issuer:	Van Lanschot N.V.
Structuring Advisor and Sole Lead Manager:	Morgan Stanley & Co. International plc
The Capital Securities:	€100,000,000 Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities
Principal Paying Agent and Agent Bank:	Citibank N.A., London Branch
Currency:	Euro
Issue Price:	100 per cent of the Original Principal Amount of the Capital Securities
Issue Date:	1 April 2019
Form:	The Capital Securities are in bearer new global note (**NGN**) form and will initially be represented by a Temporary Global Capital Security which will be deposited on the Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. The Temporary Global Capital Security will be exchangeable as described therein for a Permanent Global Capital Security not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Permanent Global Capital Security will be exchangeable for definitive Capital Securities only upon the occurrence of an Exchange Event and if permitted by applicable law, all as described in "*Form of the Capital Securities*" below. Any interest in a Global Capital Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg.
Maturity Date:	The Capital Securities are perpetual and have no fixed maturity date.

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

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

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

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

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

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

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

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

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

(a) from (and including) the Issue Date to (but excluding) the First Call Date, at a fixed rate of 6.750 per cent per annum; and

(b) from (and including) the First Call Date and thereafter, at a fixed rate per annum reset on each Reset Date based on the prevailing 5-year Mid-Swap Rate plus 6.816 per cent,

payable semi-annually in arrear in equal instalments on 1 April and 1 October of each year.

Interest Cancellation:

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

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

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

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

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

interest.

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

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

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

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

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

Trigger Event and Principal Write-down:

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

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

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

(b) irrevocably reduce the then Prevailing Principal Amount of each Capital Security by the relevant Write-down Amount (such reduction being referred to as a **Principal Write-**

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

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

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

Loss Absorbing Instrument's trigger level and (y) the trigger level in respect of which the relevant Trigger Event under the Capital Securities has occurred, in each case, in accordance with the terms of the relevant instruments and the Applicable Banking Regulations; or

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

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

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

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

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

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

Principal Write-up: Subject to compliance with the Applicable

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

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

Statutory Loss Absorption:

The Capital Securities may become subject to the determination by the relevant Resolution Authority or the Issuer (following instructions from the relevant Resolution Authority) that all or part of the principal amount of the Capital Securities, including accrued but unpaid interest in respect thereof, must be written off or converted into CET1 instruments or otherwise be applied to absorb losses, all as prescribed by the Applicable Resolution Framework (**Statutory Loss Absorption**). Upon any such determination, (i) the relevant proportion of the outstanding nominal amount of the Capital Securities subject to Statutory Loss Absorption shall be written off or converted into CET1 instruments or otherwise be applied to absorb losses, as prescribed by the Applicable Resolution Framework (ii) Holders have no further rights or claims, whether in the case of bankruptcy, liquidation or the dissolution or winding up of the Issuer or otherwise in respect of any amount written off or subject to

	conversion or otherwise as a result of such Statutory Loss Absorption, (iii) such Statutory Loss Absorption shall not constitute an event of default or a breach of the Issuer's other obligations or duties or a failure to perform by the Issuer in any manner whatsoever and (iv) such Statutory Loss Absorption shall not constitute the occurrence of any event related to the insolvency of the Issuer or entitle the Holders to any compensation or to take any action to cause the bankruptcy, liquidation, dissolution or winding up of the Issuer.
Issuer Call Option on and after the First Call Date:	Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), the Issuer may, at its option, redeem the Capital Securities on 1 April 2024 (the **First Call Date**) or on each Interest Payment Date thereafter, in whole but not in part, at their Prevailing Principal Amount, together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*)).
Tax Call Option:	Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), if, on the occasion of the next payment due under the Capital Securities, a Tax Event has occurred, then the Issuer may, at its option, redeem the Capital Securities in whole (but not in part), at any time at their Prevailing Principal Amount together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*). The Competent Authority may only permit the Issuer to redeem the Capital Securities before the date falling on the fifth anniversary of the Issue Date on the occurrence of a Tax Event if, without prejudice to Condition 6.6 (*Conditions for Redemption and Purchase*), the Tax Event constitutes a change in the applicable tax treatment of the Capital Securities and the Issuer demonstrates to the satisfaction of the Competent Authority that such change is material and was not reasonably foreseeable at

	the time of their issuance. **Tax Event** means that as a result of, or in connection with, any change in, or amendment to, or proposed amendment to, the laws or regulations of, or applicable in, The Netherlands or any political subdivision thereof or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation or the pronouncement by any relevant tax authority that differs from the previously generally accepted position in relation to the Capital Securities, which change or amendment becomes effective on or after the Issue Date (a) to the extent (prior to the relevant (proposed) amendment, change or pronouncement) the Issuer is entitled to claim full or substantially full relief for the purposes of Dutch corporate income tax for any interest payable under the Capital Securities, it will not obtain full or substantially full relief for the purposes of Dutch corporate income tax for any interest payable under the Capital Securities or (b) on the occasion of the next payment due under the Capital Securities, the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 10 (*Taxation*).
Regulatory Call Option:	Subject to Condition 6.6 (*Conditions for Redemption and Purchase*), the Issuer may at its option redeem the Capital Securities (in whole but not in part), at any time at their Prevailing Principal Amount, together with accrued and unpaid interest (excluding interest which has been cancelled or deemed cancelled in accordance with the Conditions) to, but excluding, the date of redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*). The Competent Authority may only permit the Issuer to redeem the Capital Securities before the date falling on the fifth anniversary of the Issue Date on the occurrence of a Capital Event if, without prejudice to Condition 6.6 (*Conditions for Redemption and Purchase*), the Competent Authority considers the Capital Event sufficiently certain and the Issuer demonstrates to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable at the time of their issuance.

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

Conditions for Redemption and Purchase:

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

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

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

Taxation:

All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Capital Securities will be made without withholding or deducting taxes of The Netherlands, unless such

	withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Holders receiving such amounts of interest as they would have received in respect of the Capital Securities had no such withholding been required, subject to certain exceptions, as provided in Condition 10 (*Taxation*).
Substitution and Variation:	The Issuer may if a Capital Event or a Tax Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption*), subject to compliance with any conditions prescribed under Applicable Banking Regulations, including the prior permission of the Competent Authority (if required), at its option, without any requirement for the consent or approval of the Holders, substitute all (but not some only) of the Capital Securities or vary the terms of all (but not some only) of the Capital Securities provided that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and that such substitution or variation shall not result in terms that are materially less favourable to the Holders, other than in respect of the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption*) (as reasonably determined by the Issuer). Following such variation or substitution the resulting securities must have at least, *inter alia*, the same ranking, interest rate, interest payment dates, redemption rights, existing rights to accrued interest which has not been paid and assigned the same ratings as the Capital Securities.
Purchases:	The Issuer or any of its subsidiaries may at their option, subject to Condition 6.6 (*Conditions for Redemption and Purchase*) (as applicable), at any time purchase Capital Securities in the open market or otherwise and at any price, save that any such purchase may not take place within 5 years after the Issue Date unless permitted by Applicable Banking Regulations. Such Capital Securities may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

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

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

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

(a) the Issuer is declared bankrupt (*failliet*); or

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

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

No other remedy against the Issuer shall be

available to the Holders, whether for recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its obligations under or in respect of the Capital Securities.

Meetings of Holders and Modification:

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

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

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

(b) any modification of the Capital Securities or the Agency Agreement which is, in the sole opinion of the Issuer, of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law or as a result of the operation of a benchmark replacement in accordance with Condition 4.2(d); or

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

Governing Law:

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

	in accordance with, the laws of The Netherlands.
Ratings:	The Capital Securities are expected to be rated BB by S&P. S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Approval, Listing and Admission to Trading:	Application has been made to the AFM to approve this document as a prospectus and for the Capital Securities to be listed on Euronext Amsterdam.
Selling Restrictions:	There are selling restrictions in relation to the United Kingdom, the United States, France, Italy, Japan, Switzerland and Belgium see "*Subscription and Sale*" below. The Issuer is Category 2 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended. The TEFRA D Rules shall apply.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities. These include risks relating to the Issuer's business and factors which are material for the purpose of assessing the market risks associated with the Capital Securities. These include the fact that the Capital Securities may not be a suitable investment for all investors and certain market risks, see "Risk Factors" above.
Use of Proceeds:	The proceeds of the issue of the Capital Securities will be applied by the Issuer for its general corporate purposes. They will strengthen the Issuer's Tier 1 capital base under a fully loaded CRD IV approach.
Clearing Systems:	Euroclear and Clearstream, Luxembourg
ISIN:	XS1892756682
Common Code:	189275668

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) an English translation of the Articles of Association (*statuten*) of the Issuer;

(b) the Issuer's (at the time named F. van Lanschot Bankiers N.V.) publicly available audited consolidated financial statements as of and for the financial year ended 31 December 2017 (including the independent auditor's report hereon) as included in the Issuer's annual report 2017 on page 82 to 197 and 225 to 231;

(c) the Issuer's publicly available audited consolidated financial statements as of and for the financial year ended 31 December 2018 (including the independent auditor's report hereon) as included in the Issuer's annual report 2018 on page 78 to 180 and 207 to 214;

(d) the Issuer's (at the time named F. van Lanschot Bankiers N.V.) publicly available unaudited information set out in the tables named "Financial objectives", "Underlying net result", "Provision" and "Client Assets" as included in the Issuer's annual report 2017 on pages 12, 21, 26 and 28 respectively (the **2017 Issuer APM Information**);

(e) the Issuer's publicly available unaudited information set out in the tables named "Themes and mission", "Underlying net result", "Client Assets" and "Provision" as included in the Issuer's annual report 2018 on pages 14, 26, 30 and 33 respectively (the **2018 Issuer APM Information**);

(f) Van Lanschot Kempen N.V.'s publicly available audited consolidated financial statements as of and for the financial year ended 31 December 2017 (including the independent auditor's report hereon) as included in Van Lanschot Kempen N.V.'s annual report 2017 on page 100 to 217 and 228 to 234;

(g) Van Lanschot Kempen N.V.'s publicly available audited consolidated financial statements as of and for the financial year ended 31 December 2018 (including the independent auditor's report hereon) as included in Van Lanschot Kempen N.V.'s annual report 2018 on page 101 to 212 and 213 to 220;

(h) Van Lanschot Kempen N.V.'s publicly available unaudited information set out in the table named "Underlying net result" as included in the Group's annual report 2017 on page 26 (the **2017 Group APM Information**);

(i) Van Lanschot Kempen N.V.'s publicly available unaudited information set out in the table named "Underlying net result" as included in the Group's annual report 2018 on page 35 (the **2018 Group APM Information**); and

(j) a press release of Van Lanschot Kempen N.V. dated 19 February 2019 entitled: "Van Lanschot Kempen sells stake in Van Lanschot Chabot | Mandema & Partners" (excluding the wording from, and including, "Financial Calendar"),

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 Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information contained in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus.

Any information contained in or accessible through any website, including http://www.vanlanschotkempen.com, does not form a part of this Prospectus, unless specifically stated in this Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are deemed to be incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its registered office set out at the end of this Prospectus. This Prospectus and the documents incorporated by reference herein will also be published in electronic form on the website of the Issuer at https://www.vanlanschotkempen.com/capitalsecurities.

TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

Introduction

The €100,000,000 Undated Deeply Subordinated Additional Tier 1 Fixed Rate Resettable Callable Capital Securities (the **Capital Securities**, which expression shall in these Terms and Conditions (the **Conditions**), unless the context otherwise requires, include any further capital securities issued pursuant to Condition 18 (*Further Issues*) and forming a single series with the Capital Securities) of Van Lanschot N.V. (the **Issuer**, which expression shall include any substituted debtor or transferee pursuant to Condition 9 (*Statutory Loss Absorption*)) have the benefit of an agency agreement dated the Issue Date (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, Citibank N.A., London Branch as principal paying agent and agent bank (in such capacity the **Agent** which expression shall include any successor Agent) and any other paying agents appointed pursuant to the Agency Agreement (together with the Agent, the **Paying Agents**, which expression shall include any successor or additional paying agent appointed from time to time in connection with the Capital Securities).

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

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

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

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

1. Definitions

In these Conditions:

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

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

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

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

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

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

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

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

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

Additional Amounts has the meaning given in Condition 10.1;

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

Alternative Benchmark Rate has the meaning given in Condition 4.1(d)(i).

Alternative Screen Page has the meaning given in Condition 4.1(d)(i).

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

Applicable Resolution Framework means any relevant laws and regulations applicable to the Issuer at the relevant time pursuant to, or which implement, or are enacted within the context of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, or any other resolution or recovery rules which may from time to time be applicable to the Issuer, including Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution

Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010.

Business Day means:

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

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

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

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

Capital Securities has the meaning given in the Introduction.

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

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

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

Couponholders has the meaning given in the Introduction.

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

CRD IV Directive means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive

2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended from time to time) or such other directive as may come into effect in place thereof.

CRD IV Implementing Measures means any regulatory capital rules implementing the CRD IV Directive or CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards or implementing technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Competent Authority, European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a sub-consolidated or consolidated basis).

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

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

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

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

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

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

First Call Date means 1 April 2024.

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

Global Capital Security has the meaning given in the Introduction.

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

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

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

IA Determination Cut-off Date has the meaning given in Condition 4.1(d)(i).

Independent Adviser means an independent financial institution in the Euro-Zone of international repute or other independent financial adviser in the Euro-Zone experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

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

Initial Rate of Interest means 6.750 per cent per annum.

Interest Payment Date means 1 April and 1 October in each year from (and including) 1 October 2019.

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

Issue Date means 1 April 2019.

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

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

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

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

Margin means 6.816 per cent.

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

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

Mid-Swap Floating Leg Benchmark Rate has the meaning given in Condition 4.1(d).

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

Group adopted by Group's general meeting (or such other means of communication as determined by the Issuer).

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

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

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

Parity Loss Absorbing Instruments means, at any time, any instrument (other than the Capital Securities and Junior Obligations) issued directly or indirectly by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer on sub-consolidated or consolidated basis, (b) has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions) and (c) has an identical trigger level as the Capital Securities.

Parity Obligations means the rights and claims in respect of obligations of the Issuer ranking, or expressed to be ranking, *pari passu* with the rights and claims of the Holders in respect of the Capital Securities, including any obligations qualifying, or expressed to qualify, as Additional Tier 1 Capital.

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

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

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

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

Prior Loss Absorbing Instruments means, at any time, any instrument issued directly or indirectly by the Issuer which at such time (a) qualifies as Additional Tier 1 Capital of the Issuer on sub-consolidated or consolidated basis and (b) has terms pursuant to which all or some of its principal amount may be written-down (whether on a permanent or temporary basis) or converted into equity (in each case in accordance with its conditions or otherwise) on the occurrence, or as a result, of the Issuer CET1 Ratio and/or the Group CET1 Ratio falling below a level that is higher than 5.125 per cent. As at the Issue Date, there are no Prior Loss Absorbing Instruments outstanding.

Rate of Interest means:

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

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

The current market convention for semi-annual rate conversion from an annual rate is as follows:

$$2 \times \left(\sqrt{\text{Mid} - \text{Swap Rate} + \text{Margin} + 1} - 1\right)$$

Resolution Authority means the European Single Resolution Board, the European Central Bank, the Dutch Central Bank (*De Nederlandsche Bank N.V.*) or such other regulatory authority or governmental body having the power to impose Statutory Loss Absorption on the Capital Securities pursuant to the Applicable Resolution Framework.

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

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

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

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

Reset Reference Bank Rate means, with respect to a Reset Rate of Interest Determination Date, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Agent at approximately 11:00 a.m. (Central European time) on such Reset Rate of Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Call Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Call Date, 0.048 per cent per annum.

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

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

Screen Page means Reuters screen "ICESWAP2" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the relevant 5-year Mid-Swap Rate or the Alternative Screen Page, as the case may be, as determined in accordance with Condition 4.1(d).

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

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

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

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

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

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

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

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

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

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

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

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

having been written down, is lower than the original principal amount it was issued with.

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

2. Form, Denomination and Title

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

Subject as set out below, title to the Capital Securities and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and the Paying Agents may deem and treat the bearer of any Capital Security or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Capital Security, without prejudice to the provisions set out in the next succeeding paragraph.

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

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

3. Status of the Capital Securities

3.1 Status

The Capital Securities and Coupons constitute unsecured and deeply subordinated obligations of the Issuer. The rights and claims of the Holders and Couponholders are

subordinated as described in Condition 3.2 (*Subordination*).

3.2 Subordination

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

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

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

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

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

3.3 No set-off

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

4. Interest and interest cancellation

4.1 Interest

(a) *Interest rate and Interest Payment Dates*

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

The amount of interest per €1,000 in Original Principal Amount payable on the Interest Payment Date in respect of each Interest Period commencing before the First Call Date, provided there is no Principal Write-down pursuant to Condition 8 (*Principal Write-down and Principal Write-up*) and subject to any cancellation of interest (in whole or in part) pursuant to Condition 4.2 (*Interest cancellation*), will be €67.50.

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

a.m. (Central European time) on each Reset Rate of Interest Determination Date, determine the applicable Reset Rate of Interest.

(b) *Interest Accrual*

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

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

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

(d) *Benchmark Replacement*

Notwithstanding the provisions above in this Condition 4, if the Issuer determines that the 5-year Mid-Swap Rate has ceased to be published on the Screen Page as a result of the 5-year Mid-Swap Rate and/or the six-month EURIBOR rate (the **Mid-Swap Floating Leg Benchmark Rate**) ceasing to be calculated or administered, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine in the Independent Adviser's reasonable discretion an alternative rate (the **Alternative Benchmark Rate**) and an alternative screen page or source (the **Alternative Screen Page**) no later than three Business Days prior to the Reset Rate of Interest Determination Date relating to the next succeeding Reset Period (the **IA Determination Cut-off Date**) for purposes of determining the 5-year Mid-Swap Rate for all future Reset Periods (subject to the subsequent operation of this Condition 4.2(d));

(ii) the Alternative Benchmark Rate shall be such rate as the Independent Adviser determines in its reasonable discretion has replaced the 5-year Mid-Swap Rate in customary market usage for purposes of determining a 5-year mid-swap rate denominated in Euro, or, if the Independent Adviser determines in its reasonable discretion that there is no such rate, such other rate as the Independent Adviser determines in its reasonable discretion is most comparable to the 5-year Mid-Swap Rate, and the Alternative Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;

(iii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine an Alternative Benchmark Rate and Alternative Screen Page prior to the IA Determination Cut-off Date in accordance with Condition 4.2(d)(ii) above, then the Issuer (in consultation with the Agent and acting in good faith and a commercially reasonable manner) may determine which (if any) rate has replaced the 5-year Mid-Swap Rate in customary market usage for purposes of determining a 5-year mid-swap rate

denominated in Euro, or, if it determines that there is no such rate, which (if any) rate is most comparable to the 5-year Mid-Swap Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; provided, however, that if this Condition 4.2(d)(iii) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Screen Page prior to the Reset Rate of Interest Determination Date relating to the next succeeding Reset Period in accordance with this Condition 4.2(d)(iii), the 5-year Mid-Swap Rate applicable to such Reset Period shall be equal to the Reset Rate of Interest last determined in relation to the Capital Securities in respect of a preceding Reset Period (which may be the Initial Rate of Interest minus the Margin for the first Reset Period following the Initial Period or, for as long as no Alternative Benchmark Rate and Alternative Screen Page has been determined in accordance with this Condition 4.2(d), each subsequent Reset Period);

(iv) if an Alternative Benchmark Rate and Alternative Screen Page is determined in accordance with the preceding provisions, such Alternative Benchmark Rate and Alternative Screen Page shall be the reference rate (5-year Mid Swap Rate) and the Screen Page in relation to the Capital Securities for all future Reset Periods (subject to the subsequent operation of this Condition 4.2(d));

(v) if the Independent Adviser or the Issuer determines an Alternative Benchmark Rate in accordance with the above provisions, the Independent Adviser or the Issuer (as the case may be), may also determine in its reasonable discretion any necessary changes to the 5-year Mid-Swap Rate, the mid-swap floating leg benchmark rate, the day count fraction, the business day convention, the Business Days and/or the Reset Rate of Interest Determination Date applicable to the Capital Securities (including any necessary adjustment factor that is necessary to make the 5-year Mid-Swap Rate comparable to a 5-year mid-swap rate based on the 6-months interbank deposit rate), and the method for determining the fallback rate in relation to the Capital Securities, in order to follow market practice in relation to the Alternative Benchmark Rate, which changes shall be deemed to apply to the Capital Securities for all future Reset Periods (subject to the subsequent operation of this Condition 4.2(d)); and

(vi) the Issuer shall, promptly following the determination of any Alternative Benchmark Rate and Alternative Screen Page, give notice thereof and of any changes which are deemed to apply to the Capital Securities pursuant to Condition 4.2(d)(v) above in accordance with Condition 16 (*Notices*) to the Holders and to each listing authority and/or stock exchange (or listing agent as the case may be) by which the Capital Securities have then been admitted to listing and trading.

(e) *Notifications etc*.

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

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

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

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

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

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

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

4.2 Interest cancellation

(a) *Optional cancellation of interest*

The Issuer may, in its sole discretion (but subject at all times to the requirements for mandatory cancellation of interest payments pursuant to Condition 4.2(b), at any time elect to cancel any interest payment (in whole or in part) which is otherwise due to be paid (**Optional Cancellation of Interest**).

(b) *Mandatory cancellation of interest*

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

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

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

Directive) plus any principal write-ups, where applicable, the Maximum Distributable Amount (if any) then applicable to the Issuer or the Group (as the case may be) to be exceeded; or

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

together the **Mandatory Cancellation of Interest**.

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

As used in these Conditions:

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

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

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

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

Maximum Distributable Amount means any maximum distributable amount (*maximaal uitkeerbare bedrag*) relating to the Issuer or the Group (as the case may be) required to be calculated pursuant to article 3:62b Wft (implementing article 141 CRD IV Directive).

(c) *Notice of cancellation of interest*

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

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

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

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

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

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

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

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

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

5. Payments

(a) *Principal*

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

(b) *Interest*

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

(c) *Global Form*

Payments of principal and interest (if any) in respect of Capital Securities represented by a Global Capital Security will (subject as provided below) be made in the manner specified above in relation to definitive Capital Securities and otherwise in the manner specified in the relevant Global Capital Security, where applicable, against presentation

or surrender, as the case may be, of such Global Capital Security at the Specified Office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Capital Security either by such Paying Agent to which it was presented or in the records of relevant Securities Settlement System.

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

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

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

(e) *Deduction for unmatured Coupons*

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

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

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

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

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

the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

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

(f) *Payments on Business Days*

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

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

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

(h) *Partial payments*

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

6. Redemption and Purchase

6.1 No fixed maturity

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

6.2 Redemption at the Option of the Issuer

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

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

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

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

6.3 Redemption for Taxation Reasons

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

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

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

6.4 Redemption upon a Capital Event

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

redemption and any Additional Amounts payable in accordance with Condition 10 (*Taxation*).

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

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

6.5 Purchases

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

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

6.6 Conditions for Redemption and Purchase

(a) *General conditions for redemption and purchase*

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

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

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

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

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

For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with article 78 of the CRR shall not constitute a default for any purpose.

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

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

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

6.7 Cancellations

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

7. Substitution and Variation

7.1 Substitution and variation

Subject to Condition 7.2 (*Conditions to substitution and variation*) and 7.3 (*Occurrence of Trigger Event following notice of substitution or variation*), if a Capital Event or a Tax Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption*), the Issuer may at its option but without any requirement for the consent or approval of the Holders, upon not less than 30 nor more than 60 calendar days' notice to the Holders in accordance with Condition 16 (*Notices*) and upon notice to the Agent (which notice shall, subject as provided in Condition 7.3 (*Occurrence of Trigger Event following notice of substitution*

or variation), be irrevocable), substitute all (but not some only) of the Capital Securities or vary the terms of all (but not some only) of the Capital Securities provided that they remain or, as appropriate, become compliant with CRD IV or such other regulatory capital rules applicable to the Issuer at the relevant time and that such substitution or variation shall not result in terms that are materially less favourable to the Holders, other than in respect of the effectiveness and enforceability of Condition 9 (*Statutory Loss Absorption*) (as reasonably determined by the Issuer).

Following such variation or substitution in accordance with the above, the resulting securities shall (1) have a ranking at least equal to that of the Capital Securities, (2) have at least the same interest rate from time to time applying to the Capital Securities, (3) have the same interest payment dates from time to time applying to the Capital Securities, (4) have the same redemption rights as the Capital Securities, (5) preserve any existing rights under the Capital Securities to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of variation or substitution, (6) have assigned (or maintain) the same credit ratings as were assigned to the Capital Securities immediately prior to such variation or substitution and (7) be listed on a recognised stock exchange if the Capital Securities were listed immediately prior to such variation or substitution.

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

7.2 Conditions to substitution and variation

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

7.3 Occurrence of Trigger Event following notice of substitution or variation

If the Issuer has given a notice of substitution or variation of the Capital Securities pursuant to Condition 7.1 (*Substitution and variation*) and, after giving such notice but prior to the date of such substitution or variation (as the case may be), a Trigger Event has occurred, the Issuer shall:

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

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

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

8. Principal Write-down and Principal Write-up

8.1 Principal Write-down

(a) *Trigger Event*

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

(b) *Trigger Event Write-down Notice*

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

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

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

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

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

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

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

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

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

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

conversion into equity (as the case may be) of the then prevailing principal amount of any Parity Loss Absorbing Instruments.

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

(d) *Write-down Amount*

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

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

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

The Write-down Amount for each Capital Security will therefore be the product of the amount calculated in accordance with this Condition 8.1(d) per Calculation Amount and the Prevailing Principal Amount of each Capital Security divided by the Calculation Amount (in each case immediately prior to the relevant Trigger Event Write-down Date).

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

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

Any Parity Loss Absorbing Instruments that may be written down or converted to equity in full (save for any one cent floor) but not in part only shall be treated for the

purposes only of determining the relevant pro rata amounts in Condition 8.1(c)(ii) and 8.1(d)(i) as if their terms permitted partial write-down or conversion into equity.

(f) *No default*

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

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

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

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

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

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

8.2 Principal Write-up

(a) *Principal Write-up*

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

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

(b) *Maximum Distributable Amount*

A Principal Write-up of the Capital Securities shall not be effected in circumstances which (when aggregated together with other distributions of the Issuer of the kind

referred to in article 3:62b Wft (implementing article 141(2) CRD IV Directive)) would cause the Maximum Distributable Amount (if any) to be exceeded, if required to be calculated at such time.

(c) *Maximum Write-up Amount*

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

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

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

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

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

would exceed the Maximum Write-up Amount.

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

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

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

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

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

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

(f) *Notice of Principal Write-up*

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

8.3 Foreign Currency Instruments

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

9. Statutory Loss Absorption

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

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

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

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

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

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

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

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

10. Taxation

10.1 Payment without Withholding

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

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

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

(c) presented for payment by or on behalf of a Holder 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

(d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Business Day.

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

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

10.2 Additional Amounts

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

11. Prescription

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

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

12. Limited Remedies in case of Non-Payment

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

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

(i) the Issuer is declared bankrupt (*failliet*); or

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

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

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

13. Replacement of Capital Securities, Coupons and Talons

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

14. Agent and Paying Agents

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

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

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

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

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

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

15. Exchange of Talons

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

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

16. Notices

All notices regarding the Capital Securities shall be published (i) in at least one daily newspaper of wide circulation in The Netherlands, which is expected to be *Het Financieele Dagblad*, and (ii) in a leading English language daily newspaper of general circulation in London, which is expected to be the *Financial Times* and (iii) for so long as the Capital Securities are listed on Euronext in Amsterdam and Euronext in Amsterdam so requires, by the delivery of the relevant notice to Euronext in Amsterdam and through a press release which will also be made available on the website of the Issuer (www.vanlanschotkempen.com). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made.

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

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

Agent via the Securities Settlement System in such manner as the Agent and the Securities Settlement System may approve for this purpose.

17. Meetings of Holders and Modification

17.1 Meetings of Holders

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

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

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

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

17.2 Modification

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

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

(b) any modification of the Capital Securities, the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer (acting reasonably), of a

formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law or as a result of the operation of a benchmark replacement in accordance with Condition 4.2(d); or

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

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

18. Further Issues

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

19. Governing Law and Submission to Jurisdiction

19.1 Governing Law

The Capital Securities, the Coupons and the Talons, any non-contractual obligations arising out of or in connection therewith and the choice of court agreement included in Condition 19.2 (*Jurisdiction*) are governed by, and shall be construed in accordance with, the laws of The Netherlands.

19.2 Jurisdiction

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

19.3 Right to take proceedings outside The Netherlands

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

FORM OF THE CAPITAL SECURITIES

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

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

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

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

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

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

The Permanent Global Capital Security will be exchangeable (free of charge), in whole but not in part, for security printed Definitive Capital Securities with interest coupons or coupon sheets

and talons attached. Such exchange may be made only upon the occurrence of an Exchange Event and if permitted by applicable law. An **Exchange Event** means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Holders in accordance with Condition 16 (*Notices*) upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event any person who is at any time shown as accountholder in the records of Euroclear and/or Clearstream, Luxembourg as persons holding a principal amount of interest in the Permanent Global Capital Security may give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date on which the relevant notice is received by the Agent. The Temporary Global Capital Security, the Permanent Global Capital Security and Definitive Capital Securities will be issued pursuant to the Agency Agreement.

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

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

USE OF PROCEEDS

The proceeds of the issue of the Capital Securities will be applied by the Issuer for its general corporate purposes. They are expected to be included in the Issuer's Tier 1 capital base under a fully loaded CRD IV approach.

DESCRIPTION OF THE ISSUER

General

The Issuer was incorporated on 9 March 1970, but can be considered to be the oldest independent Dutch financial institution with a history dating back to 1737. All outstanding shares in the capital of the Issuer are held by the holding company Van Lanschot Kempen N.V. (**Van Lanschot Kempen**) and accordingly, Van Lanschot Kempen has complete control over the Issuer.

Until 1954, the banking activities were carried out from the offices in 's-Hertogenbosch. After that year, the Issuer's activities gradually expanded. More offices were opened, initially, predominantly, in the southern part of the Netherlands. In the early 1970s, the Issuer took over a number of local banks. With the subsequent increase in the number of clients, the activities in domestic and international money and capital markets grew strongly. During the 1980s, a number of offices were opened in the central part of the Netherlands. From 1991 onward, the Issuer followed a strategy of strong expansion. In addition, offices were opened in Belgium.

Since 1973, in addition to family shareholders, non-family shareholders have been invited to help finance the Issuer's growth. The Issuer's parent company, Van Lanschot Kempen, was listed on Euronext Amsterdam in June 1999.

In 2004, the Issuer acquired CenE Bankiers from ING Bank N.V. The acquisition helped the Issuer to strengthen its position as a prime Dutch bank for high net worth individuals and enhanced its position with healthcare clients. In 2007, the Issuer acquired Kempen & Co N.V. (**Kempen & Co**) to bolster its position with ultra high net worth individuals, institutional investors, businesses and entrepreneurs.

In 2013, the Issuer performed a strategic review. The Issuer decided to move away from a universal banking model and to instead become a specialist independent wealth manager. The Issuer decided to simplify the organisation, focus the product offering in selected niches and to wind down the corporate loan book. Implementation of these strategic choices allowed the Issuer to begin the change to focusing on helping private and institutional clients to preserve and create wealth.

Also in 2013, the Issuer launched Evi van Lanschot, an online savings and investment platform to extend the offering of the Issuer to mass affluent individuals and first-time investors via a digital platform.

In 2015, the Issuer's subsidiary Kempen Capital Management N.V. (**KCM**) acquired the UK fiduciary management activities of Dutch pensions and investments manager MN. This acquisition is in line with KCM's strategy of expanding its international activities and activities in the area of fiduciary management.

The Issuer's wealth management strategy was updated in April 2016. The updated strategy, Strategy 2020, entailed responding to the changing needs of clients, trends and developments within the financial sector and the challenging economic climate. In addition, a strategic investment programme was launched and new financial targets were set for 2020, including an ambition to return at least €250 million to shareholders of Van Lanschot Kempen by 2020, subject to the approval of the regulator.

In December 2016, the Issuer acquired the private banking activities of Staalbankiers. The Issuer has taken over private banking clients of Staalbankiers accounting for (i) around €1.7 billion in assets under management, (ii) around €300 million in savings and (iii) a small number of securities-backed loans. Its specialists support wealthy private individuals, entrepreneurs, professionals and institutions such as charitable organisations.

In August 2017, the Issuer acquired UBS's domestic wealth management activities in the Netherlands. The transaction comprised the client relationships and employees of the wealth management activities of UBS Netherlands, having Assets under Management (AuM) of around €2.5 billion at the time. The transaction further comprised the products and services of the Netherlands branch of UBS Europe SE. The combination of the domestic wealth management activities of UBS in the Netherlands with the Issuer's offering results in a proposition for family offices, foundations and charities and ultra-high net worth private individuals.

Incorporation and business objects

The Issuer is incorporated as a public limited liability company (*naamloze vennootschap*) under Dutch law and has its statutory seat at 's-Hertogenbosch, the Netherlands. The Issuer is registered in the trade register of the Chamber of Commerce (*Kamer van Koophandel*) under No. 16038212. The Issuer's registered office is at Hooge Steenweg 29, 5211 JN 's-Hertogenbosch, the Netherlands. Its telephone number is +31 (0)73 548 35 48 (for investor relations: +31 (0)20 354 45 90).

The objects and purposes of the Issuer are described in article 2 of its articles of association. The objects of the Issuer are to carry on the business of banking and of dealings in securities, to administer the property of others, to act as insurance agent, to participate in other companies and to perform all kinds of other activities and to render all kinds of other services which are connected therewith or may be conducive hereto, all this to be interpreted in the widest sense.

Regulatory status

The Issuer qualifies as a credit institution within the meaning of the CRD IV Regulation, the Council 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. The Issuer is authorised by DNB (*De Nederlandsche Bank N.V.*) to pursue the business of a bank (*bank*) in the Netherlands, in accordance with the Wft and is consequently under direct supervision by DNB. As of 4 November 2014, the Issuer is subject to indirect supervision by the ECB under the new system of supervision, which comprises the ECB and the national competent authorities of participating EU Member States, the SSM. In addition, the Issuer is supervised by the AFM for the purpose of market conduct supervision.

Recent legal name changes of the Issuer and of Van Lanschot Kempen

Van Lanschot Kempen N.V. was named Van Lanschot N.V. until the annual General Meeting held on 18 May 2017, in which a proposal to amend its articles of association was adopted, pursuant to which (amongst others) the legal name was changed to Van Lanschot Kempen N.V. instead of Van Lanschot N.V. on 29 June 2017.

This name change captures the wealth management strategy as launched in 2013, defining Van Lanschot Private Banking, Evi van Lanschot, Kempen Asset Management and Kempen Merchant Banking as core activities of the Group. The new group name reflects this strategy and the importance of each of the brands. It enables the Group to make a clearer distinction between Van Lanschot Private Banking and Van Lanschot Kempen as a listed entity.

On 23 May 2018, the articles of association of the Issuer were amended, pursuant to which its legal name was changed from F. van Lanschot Bankiers N.V. to Van Lanschot N.V. This legal name change reflects the transformation to a specialised wealth manager, since the launch of its wealth management strategy in 2013.

Possible legal merger of Van Lanschot N.V. and Kempen & Co. N.V.

In 2019, Van Lanschot Kempen will investigate the possibility of merging, by way of a legal merger (*juridische fusie*), Kempen & Co into the Issuer, with Kempen & Co as the disappearing entity and the Issuer as the acquiring entity. This legal merger is a logical next step in the collaboration and integration of the Group, and will enhance efficiency. The listed holding, Van Lanschot Kempen, will remain unchanged. The aim is to complete the legal merger by 31 December 2019.

Business segmentation & strategy

The Issuer is a specialist, independent wealth manager dedicated to the preservation and creation of wealth for its private and institutional clients. The Issuer's primary operating segments consist of Van Lanschot Private Banking, Evi van Lanschot, Kempen Asset Management and Kempen Merchant Banking. The Issuer's wealth management strategy is strongly focused on its primary operating segments and product offering in selected markets and niches and achieving a capital light business model. Implementation of the Issuer's strategic focus has allowed the Issuer to concentrate on helping private and institutional clients to preserve and create wealth.

Van Lanschot Private Banking
Within Van Lanschot Private Banking, the Issuer focuses on entrepreneurs, family businesses and (ultra) high net-worth individuals, while also offering specialised services for business professionals and executives, healthcare professionals, and foundations and charities. With a network of 37 offices and client reception venues in the Netherlands, Belgium and Switzerland, the Issuer differentiates itself, either direct or through its subsidiaries, by building a clearly defined local presence. The Issuer's foreign and international private banking activities are performed through its Belgian branch and its Swiss subsidiary, F. van Lanschot Bankiers (Schweiz) AG.

Evi van Lanschot
In 2013, the Issuer launched Evi van Lanschot, its online platform, as part of its Van Lanschot Private Banking segment. Evi van Lanschot was introduced as online investment and savings coach, attracting new clients and assets. Evi van Lanschot plays into the trend of increased individual responsibility for pensions, healthcare and other needs at all levels of society. Evi van Lanschot uses the investment expertise from the Van Lanschot Private Banking segment to provide the younger generation and mass affluent clients a trusted space to build and preserve wealth through a digital offering of investments, savings and pensions products. Evi is focussed on the Netherlands and Belgium.

Kempen Asset Management
Kempen Asset Management, trading as Kempen Capital Management (**KCM**), is the Issuer's specialist European asset management boutique. KCM focuses on a limited number of high quality investment strategies such as: small caps, real estate, high-dividend equities, fixed-income securities and funds of hedge funds. In addition, KCM offers clients fiduciary services that provide them with comprehensive asset management solutions. It targets open architecture-based banks and asset managers, pension funds, insurance companies, family offices and foundations and associations across Europe. KCM has offices in Amsterdam, London and Paris. KCM announced on 4 December 2018 that it is closing its Edinburgh office and centralising the management of its small-cap investment strategies in Amsterdam.

Kempen Merchant Banking
The Issuer's merchant banking segment (operated through Kempen Corporate Finance and Kempen Securities) offers specialist services including equities research and trading, mergers and acquisitions, capital market transactions as well as debt advisory services to institutional

clients, corporates, financial institutions and semi-public and public entities. The merchant banking segment has adopted a niche strategy, focusing on the European real estate, European life sciences and healthcare, European infrastructure, maritime & offshore financial institutions & fintech and the Benelux market. It also has a structured products franchise and global property index product offering. Kempen Merchant Banking has offices, in Amsterdam, Antwerp, London and New York.

Other Activities
This segment comprises the activities in the field of interest rate, market and liquidity risk management, the equity investments of Van Lanschot Participaties (which was partly divested in December 2017), Van Lanschot Chabot (an independent insurance adviser and intermediary) and the Issuer's non-strategic investments.

In December 2018, Van Lanschot Kempen announced the sale of its stake in one of its non-strategic investments, the pharmacy chain AIO II (Medsen). Subsequently the relevant conditions precedent (including the obtainment of regulatory consents) were fulfilled and the transaction was completed in February 2019.

On 19 February 2019, Van Lanschot Kempen announced the sale of its interest in Van Lanschot Chabot | Mandema & Partners. The transaction fits in with Van Lanschot Kempen's strategic focus on wealth management and has been completed on 27 March 2019.

Corporate Banking
Within Corporate Banking a team of specialists is engaged in gradually winding down the real estate financing and SME loan portfolios not specifically linked to Private Banking clients. The wind down is implemented gradually by informing clients about the Issuer's intention to cease these activities, and directing them to other sources of financing. Given the successful run-off since 2013, as of 2019 the remaining Corporate Banking activities will be integrated in Private Banking.

Strategy 2023
In February 2019, the Issuer presented next steps in its wealth management strategy for 2023. In response to changing client needs, societal change, advanced technology, and increased competition, the Issuer defined four strategic pillars; acceleration of growth - both organically and inorganically; to activate its full potential in order to offer clients the full potential of services and products from the group and open architecture platform; the use of digitalisation and advanced analytics; and to invest in the talent and skills of employees.

In addition, its financial objectives were revisited and new targets were set for 2023. The efficiency target changed to 70-72%, to reflect both the profile as a wealth manager and the economic environment in which the Issuer operates. The target for the CET 1 ratio (15-17%), for the return on CET 1 (10-12%) and the dividend pay-out ratio (50-70%) were unchanged.

In 2016, Van Lanschot Kempen announced its ambition to distribute at least €250 million to its shareholders in the period up to and including 2020, of which €210 million has been paid out. Including the proposed 2018 dividend, a total of €270 million will have been returned by 2019. This means that Van Lanschot Kempen has already achieved this ambition. In the future, it will continue to optimise its capital base in terms of level and type of instrument, while leaving room for possible acquisitions. If possible, it will also consider paying out excess capital to shareholders, subject to approval by the regulator.

Legal and Arbitration Proceedings

Save as disclosed in this section, the Issuer is not, or during the 12 months preceding the date of this Prospectus has not been, involved in any governmental, legal or arbitration proceedings

(including any such proceedings which are pending or threatened of which the Issuer is aware), which will have or have had in the recent past significant effects on the Group's financial position or profitability.

The Issuer is involved in a number of proceedings and settlement negotiations, all of which are in the ordinary course of business and which may individually not have a significant effect, but may be relevant for a large number of similar cases or potential future cases. Proceedings generally relate to alleged violations of the Issuer's duty of care vis-a-vis its (former) customers and as such concern, among others, alleged violations of the obligation to provide adequate information on products and services, the provision of allegedly inadequate investment advice or the provision of excessive loan amounts based on customer profiles. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, the Issuer believes that the proceedings disclosed in this chapter, may have a significant effect on the financial position or profitability of the Issuer and its consolidated subsidiaries.

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

Sale of interest rate derivative instruments to SME clients

The Issuer has, in the period up to 2013, sold interest rate derivative instruments to SMEs in the Netherlands. In general, derivative instruments sold by Dutch financial institutions have, as a result of the sharp fall in interest rates during the past few years, not worked out as expected and – in some cases – caused losses to the business owners that purchased them. As from 2015 these business owners, both individually and collectively, have taken the position that the banks failed to provide adequate information about the risks related to these instruments and demanded financial compensation. Different special purpose organisations, such as the 'Stichting Renteswapschadeclaim' and the 'Stichting Swapschade', are offering to represent the business owners collectively. Several individual business owners initiated legal proceedings against competitors of the Issuer and obtained enforceable rulings contemplating financial compensation. In comparison to other banks, the Issuer has limited financial exposure on the relevant portfolio as its sales were to approximately one hundred and twenty SME clients. The Issuer has received a limited number of complaints from interest rate derivative clients. The Issuer has, nevertheless, along with most other Dutch banks decided to participate in the initiative of the Dutch Minister of Finance to create a uniform recovery framework. A panel of three independent experts has been instructed to reach an agreement with Dutch banks. On 19 December 2016, an agreement between the participating Dutch banks and the panel was reached. Subsequently, a recovery framework was presented which allows for an efficient review of the relevant portfolio of each bank and a scheme for prompt settlement of damages. The Issuer completed the review of its portfolio and offered compensation to the affected one hundred and twenty (former) clients. Most (former) clients accepted such compensation. Additionally (above the aforementioned group of approximately one hundred and twenty clients), the Issuer sold interest rate derivative instruments to a group of approximately ninety clients to whom the general recovery framework does not apply and to whom, as a result, no courtesy payments will be made. Such clients to whom no courtesy payments will be made and clients who have not accepted the offered compensation, may decide to initiate legal proceedings against the Issuer and claim damages from the Issuer directly. Currently, legal proceedings with various (former) clients are pending. At the end of 2017, the Issuer made an additional €1.7 million provision for the interest rate derivatives recovery framework, in view of increased implementation costs. As no additional provision was made at the end of 2018, this takes the total provision for compensation, implementation costs and legal proceedings over the years 2015 to 2018 to €11.5 million.

Sale of commercial real estate loans
In 2015, the Issuer sold a portfolio of non-performing commercial real estate loans to a company affiliated to Cerberus Capital Management, L.P. The sale concerned loans with a total nominal amount of €400 million and about 120 client relationships. In relation to this sale, various debtors have filed complaints with the Issuer. A number of individual debtors have initiated legal proceedings against the Issuer, stating that the transfer of the debtor's loan and the rights related thereto was invalid. In relation to one individual debtor, the court of Oost-Brabant ruled on 20 September 2017 that the transfer of the contractual relationship with the debtor to the buyer of the loan was invalid. However, the transfer of the Issuer's claims against the debtor under the loan to the buyer of the loan was upheld in the decision. The Issuer has filed an appeal against this verdict. The outcome of the appeal proceedings is, by nature, not certain. However, the potential financial impact of a negative decision for the Issuer is likely to remain limited. Currently, a limited number of proceedings with other debtors are still pending. Even though the transaction occurred in 2015, additional claimants may still come forward which may result in additional proceedings against the Issuer.

Shares and shareholders

The issued share capital of the Issuer consists of 400,000 shares of €100 each. All shares are nominative shares. Share certificates have not been issued. All 400,000 issued shares of the Issuer are held by Van Lanschot Kempen and have been fully paid up.

The authorised share capital of Van Lanschot Kempen consists of 150,000,000 shares of €1 nominal value each, and is divided equally into ordinary shares A (**Class A Shares**) and preference shares C (**Class C Shares**). Class C Shares have not been issued. The outstanding ordinary share capital of Van Lanschot Kempen on the date hereof amounts to EUR 41,361,668. Almost all of the Class A Shares are held by Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen (the **STAK**), which has issued depositary receipts for these shares. These depositary receipts for Van Lanschot Kempen shares, are listed and traded on Euronext in Amsterdam. The STAK fully complies with Principle 4.4 of the Dutch Corporate Governance Code 2016 (the **Corporate Governance Code**), which specifies that "depositary receipts for shares can be a means of preventing the majority (including a chance majority) of shareholders from controlling the decision-making process as a result of absenteeism at a General Meeting. Depository receipts for shares should not be issued as an anti-takeover protective measure". The STAK grants proxies so that holders of depositary receipts can always exercise their voting rights. In the case of shares for which the STAK has not granted proxies to the holders of depositary receipts and for which no voting instructions have been received, the board of the STAK decides how the votes are to be cast. The STAK exercises the voting right in the interest of the holders of depository receipts for shares, taking into account the interest of Van Lanschot Kempen, the enterprise associated therewith and all parties concerned. A depositary receipt can be converted into the underlying Class A Share without any restrictions, although administrative costs may be charged. The board of the STAK consists of three members and is independent from Van Lanschot Kempen. The STAK collects the dividends for the account of the holders of the depositary receipts and distributes the dividends directly to such holders.

In compliance with chapter 5.3 of the Wft the following holdings have been included in the Substantial Holdings register of the AFM. The percentages shown are calculated on the basis of the holdings reported by the respective shareholder or holder of depositary receipts with the AFM at the date of notification and the current number of outstanding shares. Actual holdings may differ on the date hereof. The STAK currently holds more than 99.99% of the Class A Shares.

Van Lanschot Kempen's shareholder base was significantly broadened in June 2016 with the successful, fully marketed offering of the 30% shareholding held by Delta Lloyd in Van

Lanschot Kempen. This broader shareholder base is expected to contribute to greater liquidity in the shares.

Shareholder	Date of notification	Holding
Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen	24/05/2013	97.30%

Holder of depositary receipts	Date of notification	Holding
APG Asset Management N.V.	30/01/2018	9.89%
LDDM Holding B.V.	03/06/2014	9.68%
Janus Henderson Group Plc	17/10/2016	5.56%
Wellington Management Group LLP	18/03/2019	5.07%
Reggeborgh Invest B.V.	09/04/2018	5.00%
FMR LLC	07/07/2016	4.96%
CRUX Asset Management Limited	14/09/2017	3.23%
Investec Asset Management Limited	03/01/2018	3.09%
T. Rowe Price	09/05/2017	3.06%
Invesco Limited	11/08/2017	2.99%

Disclosure is required once a holder's interest reaches, exceeds or falls below a threshold value. The current interest of a shareholder or a holder of depositary receipts may consequently differ from the interest reported on the disclosure date. Potential holdings of 3% or more are excluded from this overview. Stichting preferente aandelen C Van Lanschot Kempen has reported a potential interest in Van Lanschot Kempen related to a call option agreement between Van Lanschot Kempen en Stichting preferente aandelen C van Lanschot Kempen.

Risk policy

Risk policy

The Issuer's primary risk management objective is to maintain a low risk profile featuring robust liquidity and strong capital positions. Every year, the Issuer evaluates its risk appetite, which is then formalised in a revised risk appetite statement. This statement, which contains both qualitative and quantitative elements, is determined by the statutory board of the Issuer (the **Statutory Board**) and subject to the Supervisory Board's approval. In 2014, the Issuer refined its risk appetite further, now taking into more specific account the Issuer's own risk-bearing capacity (i.e. the extent to which the impact of the risks can be absorbed). The risk appetite of the Issuer is based on the following key principles:

- The Issuer only takes risks that can be understood and explained.
- The Issuer only takes risks that directly or indirectly linked to its strategic objectives.
- The sum of all risks must not exceed the risk-bearing capacity.
- When taking risks, the Issuer takes into account the requirements and expectations of all its stakeholders.
- The Issuer does not take any risks that could materially harm its reputation.
- The risk appetite must be taken into consideration in all business decisions at every level of the organisation.
- The Issuer avoids risks that could lead to legal or regulatory breaches.

The Issuer pursues a prudent risk policy, and risk management and control are important elements of its business operations. The Issuer's risk management system principally, but not exclusively covers the following risks:

- Credit risk
- Market risk
- Interest rate risk affecting Private Banking
- Concentration risk
- Liquidity risk
- Operational risk
- Strategic risk
- Compliance risk

Framework
The organisation of the risk framework is based on the three lines of defence principle. Day-to-day responsibility for risk control is assigned to commercial and/or operational departments (first line). Group Compliance and Group Risk Management form the second line and are responsible for initiating risk policy and supervision of risk control within the Issuer. Group Audit forms the third line and is responsible for performing independent audits on amongst others the risk framework. This creates a clear, balanced and adequate division of tasks, powers and responsibilities, ensuring independent and effective fulfilment of the risk management function.

The Supervisory Board supervises the risks and capital adequacy requirements in relation to the Issuer's operations and portfolio. It has set up two committees for this purpose. The Risk Committee of the Supervisory Board prepares the groundwork for the monitoring and supervision of the risk profile and risk management by the Supervisory Board on all risks identified in the Issuer's business activities and its risk framework. The Audit and Compliance Committee was created to advise the Supervisory Board on financial reporting, internal and external audits, as well as on compliance matters and duty of care.

The Statutory Board has ultimate responsibility for the existence and effective functioning of the processes that enable the Issuer to hold sufficient capital in the light of its objectives (combined with its risk appetite) and the statutory capital adequacy requirements. Within this scope, the Statutory Board has delegated specific tasks to various divisions or committees. Each committee has both policy and steering/implementation authority. At least one member of the Statutory Board has a seat on each committee.

Executive Board, Statutory Board and Supervisory Board

Board practices of the Issuer and Van Lanschot Kempen
Each of the Issuer and Van Lanschot Kempen is a two-tier board company. Supervision of the Statutory Board and the general conduct of affairs is entrusted to the Supervisory Board. Members of the Supervisory Board and members of the Statutory Board of the Issuer are appointed by the General Meeting of the Issuer. Members of the Statutory Board of Van Lanschot Kempen are appointed by the Supervisory Board of Van Lanschot Kempen. Members of the Supervisory Board of Van Lanschot Kempen in turn are appointed by the General Meeting of Van Lanschot Kempen.

Members of the Supervisory Board and the members of the Statutory Board of the Issuer also form the Supervisory Board and the Statutory Board of Van Lanschot Kempen respectively.

Executive Board
The executive board of Van Lanschot Kempen (the **Executive Board**) oversees the implementation of the strategy and manages the four core activities (Private Banking, Evi van Lanschot, Asset Management and Merchant Banking) of the Issuer. The Executive Board consists of the members of the Statutory Board and the members of the Management Board of

Kempen & Co. The members of the Statutory Board have ultimate responsibility for the actions and decisions of the Executive Board.

The members of the Executive Board are:

Mr K.K. Guha (1964)	
Nationality	Dutch.
Position	Chairman of the Executive Board and of the Statutory Board.
Appointed as of	2 January 2013. Latest reappointment on 18 May 2017. Term of office expires in 2021.
Areas of responsibility	Evi van Lanschot, Company Secretariat/Legal, Strategy & Corporate Development, Human Resource Management, Communications, Compliance, Group Audit, Advanced Analytics and Van Lanschot Belgium.
Mr C.T.L. Korthout (1962)	
Nationality	Dutch.
Position	Chief Financial Officer / Chief Risk Officer, member of the Executive Board and the Statutory Board and of the Management Board of Kempen & Co.
Appointed as of	27 October 2010. Latest reappointment on 31 May 2018. Term of office expires in 2022.
Areas of responsibility	Finance Reporting & Control, Treasury, Group Risk Management and Credit Restructuring & Recovery.
Mr A.J. Huisman (1971)	
Nationality	Dutch.
Position	Chief Operating Officer, member of the Executive Board and of the Statutory Board.
Appointed as of	6 May 2010. Latest reappointment on 31 May 2018. Term of office expires in 2022.
Areas of responsibility	IT Platforms & Security, Digital & Innovation, Service Centres: Securities, Data Management, Procurement, Contract Management & Facilities.
Significant supervisory board memberships and/or (board) positions	Van Lanschot Chabot Holding B.V., member of the supervisory board.

Mr R.P. Bruens (1967)	
Nationality	Dutch.
Position	Member of the Executive Board and of the Statutory Board.
Appointed as of	15 May 2014. Latest reappointment on 31 May 2018. Term of office expires in 2022.
Areas of responsibility	Private Banking, Corporate Social Responsibility, Van Lanschot Switzerland.
Significant supervisory board memberships and/or (board) positions	Feyenoord Rotterdam, member of the supervisory board.
Ms L.M.T. Boeren (1963)	
Nationality	Dutch.
Position	Chairman of the Management Board of Kempen & Co and of KCM and member of the Executive Board.
Appointed as of	5 February 2018.
Areas of responsibility	Asset Management.
Significant supervisory board memberships and/or (board) positions	Air France-KLM, independent member of the board of directors and of the audit committee. Tata Steel Nederland, member of the supervisory board. FCLT Global, member of the board of directors.
Ms L.C. van der Sar (1969)	
Nationality	Dutch.
Position	Member of the Management Board of Kempen & Co and of the Executive Board.
Appointed as of	1 August 2017.
Areas of responsibility	Merchant Banking, Corporate Finance, Equity Capital Markets, Securities.

Supervisory Board
The members of the Supervisory Board are:

Mr W.W. Duron (1945)	
Nationality	Belgian.
Position	Chairman of the Supervisory Board.
Appointed as of	10 May 2007; Third term of office expires in 2019.
Significant other supervisory board memberships and/or (board) positions	Windvision B.V., chairman of the board of directors.
Mr M.J. Schepers (1960)	
Nationality	Dutch.
Position	Deputy Chairman of the Supervisory Board.
Appointed as of	18 May 2017; First term of office expires in 2021.
Significant other supervisory board memberships and/or (board) positions	NWB Bank, member of the supervisory board. Fotowatio Renewable Ventures, member of the supervisory board. Almar Water Solutions, member of the supervisory board.
Principal other positions or offices held	Amsterdam Institute of Finance, member of the advisory board. UWC Atlantic College, member of the board of governors. European Fund for Strategic Investments, member of the investment committee. Cardano Development, project manager ILX.
Ms J.G.H. Helthuis (1962)	
Nationality	Dutch.
Position	Member of the Supervisory Board.
Appointed as of	2 July 2013. Second term of office expires in 2021.
Principal position	PC Uitvaart, managing director.
Significant other supervisory board memberships and/or (board) positions	Prorail B.V., member of the supervisory board.
Significant other positions or offices held	Nintes, member of the advisory council.

Ms B.J.M. Langius (1960)	
Nationality	Dutch.
Position	Member of the Supervisory Board.
Appointed as of	Appointed as of 13 May 2015; First term of office expires in 2019.
Significant other supervisory board memberships and/or (board) positions	IBM Nederland B.V., member of the supervisory board. BDO Nederland, member of the supervisory board. Ingenico ePayments Nederland, member of the supervisory board.
Mr A.F.J. van Overmeire (1956)	
Nationality	Dutch.
Position	Member of the Supervisory Board.
Appointed as of	30 January 2017; First term of office expires in 2021.
Significant other supervisory board memberships and/or (board) positions	Centrum indicatiestelling zorg (CIZ), chairman of the audit advisory committee. Stichting Arq, member of the supervisory board.
Mr M.H. Muller (1954)	
Nationality	Dutch.
Position	Member of the Supervisory Board.
Appointed as of	31 May 2018; first term expires in 2022.
Significant other supervisory board memberships and/or (board) positions	Stichting Continuïteit TomTom, chairman.
Mr F.L. Blom (1962)	
Nationality	Dutch.
Position	Member of the Supervisory Board.
Appointed as of	5 October 2018; first term expires in 2023.
Principal position	Boston Consulting Group in the Netherlands, chairman.

There are no potential or actual conflicts of interest between any duties owed to the Issuer by the members of the Supervisory Board or the Executive Board, and their private interests and/or other duties.

The business addresses of the persons mentioned under this section are at the address of the Issuer.

Audit and Compliance Committee
The Audit and Compliance Committee of the Issuer is a permanent committee, consisting of members of the Supervisory Board. It has the duty to advise the Supervisory Board on financial reports, internal and external audit reports and compliance matters of the Issuer. In principle, the Audit and Compliance Committee consists of a minimum of three members. The current members of the Audit and Compliance Committee are Mr A.F.J. van Overmeire (chairman), Mr W.W. Duron, Ms J.G.H. Helthuis and Mr M.J. Schepers.

The Audit and Compliance Committee can only exercise the powers it is explicitly provided with or the powers delegated to it by the Supervisory Board. The Audit and Compliance Committee can never exercise more powers than those of the entire Supervisory Board, or than those the Supervisory Board has provided to or delegated to the Audit and Compliance Committee. Accordingly, the Audit and Compliance Committee advises and supports the Supervisory Board.

Van Lanschot Kempen subscribes to the principles of the Corporate Governance Code
As a non-listed company, the Issuer is not bound by the Corporate Governance Code. Van Lanschot Kempen, as the listed holding company of the Issuer is in compliance with the Corporate Governance Code.

The Corporate Governance Code contains principles and best practice provisions that regulate relations between the management board, the supervisory board and the shareholders (including the general meeting of shareholders). The Corporate Governance Code aims to define responsibilities for long-term value creation, risk control, effective management and supervision, remuneration, and relationships with shareholders and stakeholders.

Van Lanschot Kempen complies with the Corporate Governance Code.

The Issuer subscribes to the principles of the Dutch Banking Code
The updated Dutch banking code (*Code Banken*) (**Banking Code**) came into effect on 1 January 2015, superseding the original Banking Code which had been in force since 1 January 2010. The Banking Code contains principles on sound and ethical business operations, governance, risk policy, audit and remuneration policy.

In 2018, the Issuer complied with the Banking Code. Where banks that are subject to the Banking Code, such as the Issuer, form part of a group, parts of the Banking Code may be applied at the level of the entity which acts as the head of the group, rather than at the level of individual subsidiaries. Certain parts of the Banking Code are therefore applied at the level of Van Lanschot Kempen.

Key financial information of the Issuer

(x € million)		
	31-12-2018	**31-12-2017**
Statement of income		
Total income from operating activities	506.3	522.5
Operating expenses	440.2	429.0
Impairments	-13.4	-11.5
Operating profit before tax	79.5	105.0
Net profit from continuing operations	80.3	94.9
Efficiency ratio (%)[1]	79.4	76.2
Weighted average number of outstanding ordinary shares	400,000	400,000
Earnings per share based on average number of ordinary shares (€)	186.58	223.77
Number of staff (FTEs)[2]	1,621	1,658

(x € million)		
	31-12-2018	**31-12-2017**
Balance sheet		
Equity attributable to shareholder	1,256	1,333
Equity attributable to non-controlling interests	12	16
Public and private sector liabilities	9,091	9,145
Loans and advances to the public and private sectors	8,561	9,103
Total assets	13,980	14,659
Funding ratio (%)[3]	106.2	100.5

(x € billion)		
	31-12-2018	**31-12-2017**
Client assets		
Client assets	81.2	83.6
- Assets under management	67.0	69.0
- Assets under monitoring and guidance	3.4	3.5
- Assets under administration	1.7	2.0
- Savings & deposits	9.1	9.1

(x € million)		
	31-12-2018	**31-12-2017**
Key figures of Van Lanschot N.V.		
Risk-weighted assets[4]	4,580	4,979
Common Equity Tier I-ratio[4]	21.4	20.5

Tier I ratio (%)[4]	21.4	20.5
Total capital ratio (%)[4]	25.0	23.6
Return on average Common Equity Tier I capital (%)[5]	9.8	10.4

1) Efficiency ratio is defined as operating expenses (excluding costs incurred for our strategic investment programme, amortisation of intangible assets arising from acquisitions, restructuring charges and a one-off charge for the derivatives recovery framework) as a percentage of income from operating activities.
2) Excluding non-strategic investments.
3) Funding ratio is defined as the Issuer's public and private sector liabilities as a percentage of its loans and advances to the public and private sectors (i.e. excluding the Issuer's liabilities due to banks and its assets to banks).
4) Full-year 2017 and full-year 2018 based on phase-in and including retained earnings.
5) Based on underlying net result.

*The 2017 figures and 2018 figures have been extracted from the Issuer's Annual Report including audited consolidated financial statements as of and for the financial year ended 31 December 2018. The financial statements have been prepared under the International Financial Reporting Standard, as adopted by the European Union (**IFRS**) The consolidated statement of financial position reflects new presentation requirements related to the application of IFRS 9 from 1 January 2018.*

FINANCIAL STATEMENTS OF VAN LANSCHOT N.V.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(x € thousand)

	31-12-2018	31-12-2017
Assets		
Cash and cash equivalents and balances at central banks	1,406,864	1,832,751
Financial assets from trading activities	62,468	38,234
Due from banks	539,180	186,459
Financial assets at fair value through profit or loss	218,583	394,898
Financial assets at fair value through other comprehensive income	1,803,584	-
Available-for-sale investments	-	1,738,355
Held-to-maturity investments	-	521,349
Loans and advances to the public and private sectors	8,561,497	9,103,327
Other financial assets at amortised cost	554,209	-
Derivatives	332,719	322,258
Investments in associates using the equity method	54,071	70,390
Property and equipment	48,238	63,468
Goodwill and other intangible assets	183,083	218,389
Tax assets	25,941	26,719
Assets classified as held for sale	68,058	-
Other assets	121,513	142,277
Total assets	**13,980,007**	**14,658,875**

(x € thousand)

	31-12-2018	31-12-2017
Equity and liabilities		
Financial liabilities from trading activities	333	1,899
Due to banks	334,902	101,645
Public and private sectors liabilities	9,090,939	9,145,119
Financial liabilities at fair value through profit or loss	940,361	971,453
Derivatives	469,316	318,417
Issued debt securities	1,521,504	2,411,671
Provisions	28,965	23,085
Tax liabilities	5,764	12,841
Liabilities classified as held for sale	20,871	-
Other liabilities	125,383	156,820
Subordinated loans	173,473	166,802
Total liabilities	**12,711,812**	**13,309,752**
Issued share capital	40,000	40,000
Share premium reserve	216,149	277,674
Other reserves	925,203	925,678

Undistributed profit attributable to shareholder	74,631	89,508
Equity attributable to shareholder	**1,255,982**	**1,332,860**
Non-controlling interest	6,529	10,827
Undistributed profit attributable to non-controlling interests	5,684	5,437
Equity attributable to non-controlling interests	**12,213**	**16,264**
Total equity	**1,268,195**	**1,349,124**
Total equity and liabilities	**13,980,007**	**14,658,875**
Contingent liabilities	134,449	122,189
Irrevocable commitments	853,276	861,342
	987,725	**983,530**

The 2017 figures and 2018 figures have been extracted from the Issuer's Annual Report including audited consolidated financial statements as of and for the financial year ended 31 December 2018. The financial statements have been prepared under IFRS. The consolidated statement of financial position reflects new presentation requirements related to the application of IFRS 9 from 1 January 2018.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ thousand)	31-12-2018	31-12-2017
Opening balance	**1,334,742**[1]	**1,353,926**
Net result (as per income statement)	80,315	94,945
Total other comprehensive income	-19,833	-6,377
Dividends / Capital return	-122,101	-90,874
Change in non-controlling interests	-8.840	-1,957
Other changes	3,913	-539
Closing balance	**1,268,195**	**1,349,124**

(€ thousand)	31-12-2018	31-12-2017
Cash and cash equivalents and balances at 1 January	1,826,733	**1,550,100**
Net cash flow from operating activities	606,642	106,001
Net cash flow from discontinued operations	-6,027	28,856
Net cash flow from investing activities of continuing operations	70,492	-154,823
Net cash flow from investing activities of discontinued operations	154	-799
Net cash flow from financing activities	-1,024,422	297,399
Cash and cash equivalents at the end of period	**1,473,572**	**1,826,733**

1) Opening balance corrected for the impact of adopting IFRS 9.

The 2017 figures and 2018 figures have been extracted from the Issuer's Annual Report including audited consolidated financial statements as of and for the financial year ended 31 December 2018. The financial statements have been prepared under IFRS. The consolidated statement of financial position reflects new presentation requirements related to the application of IFRS 9 from 1 January 2018.

CONSOLIDATED STATEMENT OF INCOME

(x € thousand)

	31-12-2018	31-12-2017
Income from operating activities		
Interest income calculated using the effective interest method	251,985	275,893
Other interest income	52,359	64,158
Interest expense calculated using the effective interest method	66,518	76,319
Other interest expense	62,612	67,882
Net interest income	**175,213**	**195,849**
Income from associates using the equity method	28,728	24,074
Other income from securities and associates	2,594	12,956
Income from securities and associates	**31,323**	**37,029**
Commission income	307,714	280,519
Commission expense	14,467	13,533
Net commission income	**293,247**	**266,986**
Result on financial transactions	**-805**	**14,127**
Other income	**7,304**	**8,548**
Total income from operating activities	**506,282**	**522,539**
Expenses		
Staff costs	263,724	246,343
Other administrative expenses	162,043	168,481
Staff costs and other administrative expenses	**425,766**	**414,824**
Depreciation and amortisation	**14,427**	**14,166**
Operating expenses	**440,193**	**428,990**
Impairments of financial instruments	-12,737	-11,875
Other impairments	-679	414
Impairments	**-13,416**	**-11,461**
Total expenses	**426,778**	**417,529**
Operating profit before tax	**79,504**	**105,010**
Income tax	**12,086**	**22,129**

Net profit from continuing operations	**67,418**	**82,881**
Net profit from discontinued operations	12,897	**12.064**
Net result	**80,315**	**94,945**
Of which attributable to shareholder	74,631	89,508
Of which attributable to non-controlling interests	5,684	5,437
Average amount of shares	400,000	400,000
Earnings per ordinary share (€)	186.58	223.77

The 2017 figures and 2018 figures have been extracted from the Issuer's Annual Report including audited consolidated financial statements as of and for the financial year ended 31 December 2018. The financial statements have been prepared under IFRS. The consolidated statement of financial position reflects new presentation requirements related to the application of IFRS 9 from 1 January 2018.

CASH FLOW STATEMENT

(€ thousand)

	31-12-2018	31-12-2017
Operating profit before tax	**79,504**	**105,010**
Cash flow from operating activities		
Adjustments for		
- Depreciation and amortisation	16,799	16,042
- Costs of share plans	2,989	4,773
- Results on associates using the equity method	-11,759	-12,949
- Valuation results on financial assets at fair value through profit or loss	19,803	2,870
- Valuation results on financial liabilities at fair value through profit or loss	-46,177	-7,399
- Valuation results on derivatives	-4,818	-19,080
- Impairments	-13,416	-11,460
- Changes in provisions	8,458	3,322
Cash flows from operating activities	**51,383**	**81,112**
Net increase/(decrease) in operating assets and liabilities		
- Financial assets/liabilities from trading activities	-25,800	-19,427
- Due from/ to banks	-33,238	8,907
- Loans and advances to public and private sectors/public and private sector liabilities	506,713	72,455
- Derivatives	129,920	3,099
- Withdrawals from restructuring provision and other provisions	-2,931	-15,021
- Other assets and liabilities	-14,457	-2,554
- Current tax assets/liabilities	1,382	-
- Income taxes paid	-9,523	-9,358
- Dividends received	3,192	4,602
Total net movement in operating assets and liabilities	**555,259**	**24,889**
Net cash flow from operating activities	**606,642**	**106,001**
Net cash flow from discontinued operations	**-6,027**	**28,856**
Cash flow from investing activities		
Investments and acquisitions		
- Investments in debt instruments	-1,302,486	-973,327
- Investments in equity instruments	-48,331	-84,990
- Acquisitions (excluding acquired cash and cash equivalents)	-	-28,700
- Investments in associates using the equity method	-9,609	-27,147
- Property and equipment	-5,016	-7,291
- Goodwill and other intangible assets	-878	-7,318

Divestments, redemptions and sales		
- Investments in debt instruments	1,307,076	896,695
- Investments in equity instruments	92,589	25,170
- Investments in associates using the equity method	27,115	40,983
- Property and equipment	4,686	6,671
- Goodwill and other intangible assets	1,873	678
Dividends received	3,473	3,753
Net cash flow used in investing activities of continuing operations	**70,492**	**-154,823**
Net cash flow from investing activities of discontinued operations	**154**	**-799**
Cash flow from financing activities		
Share plans	282	-5,545
Change in non-controlling interests	-8,133	-3,639
Redemption of subordinated loans	-113	-113
Receipts on issued debt securities	-	500,000
Redemption of debt securities	-907,256	-187,027
Receipts on financial liabilities designated at fair value through profit or loss	129,771	275,645
Redemption of financial liabilities designated at fair value through profit or loss	-116,872	-191,048
Dividends paid	-122,101	-90,874
Net cash flow from financing activities of continuing operations	**1,024,422**	**297,399**
Net change in cash and cash equivalents and balances at central banks	**-353,161**	**276,632**
Cash and cash equivalents and balances at central banks at 1 January	1,826,733	1,550,100
Cash and cash equivalents and balances at central banks at end of period	1,473,572	1,826,733
Additional disclosure		
Cash flows from interest received	310,702	341,695
Cash flows from interest paid	135,195	146,007

The 2017 figures and 2018 figures have been extracted from the Issuer's Annual Report including audited consolidated financial statements as of and for the financial year ended 31 December 2018. The financial statements have been prepared under IFRS. The consolidated statement of financial position reflects new presentation requirements related to the application of IFRS 9 from 1 January 2018.

ADDITIONAL FINANCIAL INFORMATION

Working Capital

The Issuer and its consolidated subsidiaries are of the opinion that its working capital is sufficient for their present requirements, that is for at least a period of twelve months following the date of this Prospectus.

The Issuer's current own funds are sufficient to comply with all own funds requirements applicable to it. The Issuer currently complies with the applicable liquidity requirements as set out in the CRR. The Issuer's current liquidity position is sufficient to comply with all liquidity requirements applicable to it.

Capitalisation and Indebtedness

The table below sets forth Van Lanschot N.V.'s consolidated capitalisation as of 31 December 2018. The information set out below is audited. There has been no material change since the last published financial information in respect of the capitalisation and indebtedness since 31 December 2018.

Capitalisation

	As at 31 December 2018
	(in thousands of euros)
Total current debt (maturity up to one year)	
of which: secured[(1)]	-
of which: unsecured[(2)]	-
of which: subordinated debt	-
Total non-current debt (excluding current portion of long-term debt)	1,694,977
of which: secured[(3)]	1,502,606
of which: unsecured[(4)]	18,898
of which: subordinated debt	173,473
Equity:	
Issued share capital	40,000
Share Premium	216,149
Other reserves (incl. retained earnings/profit for the period)	999,834
Shareholders' equity	1,255,982
Total Capitalisation	**2,950,959**

(1) Total of senior secured notes and securitisations with a remaining maturity up to one year.

(2) Total of senior unsecured notes, commercial paper/certificates of deposit and saving certificates, all with a remaining maturity up to one year.

(3) Total of senior secured notes and securitisations with a remaining maturity of more than one year.

(4) Total of senior unsecured notes and saving certificates and subordinated debt, all with a remaining maturity of more than one year.

The following table shows the Issuer's indebtedness as at 31 December 2018. The information set out below is audited.

Indebtedness

	As at 31 December 2018 *(in thousands of euros)*
Liquidity:	
Cash[(1)]	1,283,941
Cash equivalents[(2)]	229,462
Financial assets from trading activities	62,468
Total liquidity[(3)]	**1,575,871**
Current financial receivables[(4)]	**2,082,834**
Current financial debt (maturity up to one year):	
Current debt[(5)]	9,319,395
Current portion of non-current debt	-
Other current financial debt[(6)]	130,387
Total current financial debt	**9,449,782**
Net current financial indebtedness	**5,791,077**
Non-current financial indebtedness:	
Non-current bank loans[(7)]	-
Bonds issued[(8)]	1,694,977
Other non-current loans[(9)]	1,567,054
Non-current financial indebtedness	**3,262,031**
Net financial indebtedness	**9,053,108**

(1) Cash and freely available balances at central banks.

(2) Loans and receivables - banks with a remaining maturity of 3 months or less.

(3) Liquidity is not equal to the liquidity buffer held for liquidity contingency purposes.

(4) Total of assets with a remaining maturity up to one year excluding cash and balances at central banks with a remaining maturity up to one year and loans and receivables - banks with a remaining maturity of 3 months or less.

(5) Total of liabilities held for trading, derivatives, securities financing, due to banks, due to customers and commercial paper/certificates of depot, all with a remaining maturity up to one year.

(6) Total of provisions, tax, liabilities and other liabilities, all with a remaining maturity up to one year.

(7) Total of due to banks with remaining maturity of more than one year.

(8) Total of issued debt and subordinated with a remaining maturity of more than one year.

(9) Total of derivatives, securities financing, due to customers, provisions, tax liabilities and other liabilities, all with a remaining maturity of more than one year.

Indirect and contingent indebtedness

	As at 31 December 2018
	(in thousands of euros)
Committed credit facilities	-
Guarantees	134,449
Irrevocable facilities	853,276
Recourse risks arising from discounted bills	-
Total indirect and contingent indebtedness	**987,725**

Description of alternative performance measures

This section provides further information relating to alternative performance measures (**APMs**) for the purposes of the European Securities and Markets Authority (**ESMA**) Guidelines on Alternative Performance Measures (the **APM Guidelines**). Certain of the financial measures used by the Issuer and included in this Prospectus can be characterized as APMs. The Issuer believes that these APMs provide useful insights for investors in the performance of the Issuer. As a result, the APMs are included in this Prospectus to allow potential holders of the Capital Securities to better assess the Issuer's performance and business and are set out below further clarifications as to the meaning of such measures (and any associated terms). The APMs set out in this section have not been audited.

	FY 2018	FY 2017
(Assets under Management) (AuM) (*bln EUR)	67.0	69.0

Assets deposited by clients, consisting of assets under discretionary management and assets under non-discretionary management within segments Private Banking discretionary, Private Banking non-discretionary, Evi and Asset Management. The elements of the Assets under Management reconcile to elements in the Issuer's unaudited information set out in the tables "Client Assets" that are incorporated by reference as the 2017 Issuer APM Information and the 2018 Issuer APM Information.

	FY 2018	FY 2017
Client Assets (*bln EUR)	81.2	83.6

Client Assets are referred to as the sum of assets under management, assets under monitoring & guidance, assets under administration and public and private sector liabilities. The elements of Client Assets reconcile to elements in the Issuer's unaudited information set out in the tables "Client Assets" that are incorporated by reference as the 2017 Issuer APM Information and the 2018 Issuer APM Information.

	FY 2018	FY 2017
Coverage ratio, %	30	31

The percentage of impaired loans covered by provisions. Calculated as the ratio between (i) impairments for loans and advances to the public and private sector and (ii) total impaired loans and advances to the public and private sector. The elements of the Coverage ratio reconcile to the Issuer's financial statements.

	FY 2018	FY 2017
Dividend pay-out ratio, %	61.1	55.4

The dividend payout ratio is the fraction of net underlying result for a period to be paid to the Group's shareholders in dividends and is based on underlying net profit attributable to shareholders of the Group. The underlying net result, which is the net profit adjusted for the one-off charge related to the derivatives recovery framework and the costs incurred for the Strategy 2020 investment programme, is adjusted for the share of non-controlling interests. The elements of the Dividend pay-out ratio reconcile to the Group's financial statements and elements in the Group's unaudited information set out in the tables "Underlying net result" that are incorporated by reference as the 2018 Group APM Information and the 2017 Group APM Information.

	FY 2018	FY 2017
Efficiency ratio, %	79.4	76.2

The efficiency ratio displays operating expenses as a percentage of operating income. The efficiency ratio is calculated as the ratio of (i) operating expenses before special items and (ii) income from operating activities. Operating expenses before special items exclude costs incurred for the Strategy 2020 investment programme, the amortisation of intangible assets arising from acquisitions and a one-off charge for the derivatives recovery framework. The elements of the Efficiency ratio reconcile to the Issuer's financial statements.

	FY 2018	FY 2017
Funding ratio, %	106.2	100.5

The funding ratio compares public and private sector liabilities to loans and advances to the public and private sectors. It provides meaningful information on Issuer's funding and liquidity position. The funding ratio is calculated by dividing the public and private sector liabilities by the loans and advances to the public and private sectors, which is excluding bank borrowing and lending. The elements of the Funding ratio reconcile to the Issuer's financial statements.

	FY 2018	FY 2017
Impaired ratio, %	3.8	4.0

The percentage of total outstanding loans which are provisioned for. Calculated as the ratio of (i) the total volume of impaired loans and advances to the public sector and (ii) the total volume of loans and advances to the public and private sector plus the provisions for this total volume. The elements of the Impaired ratio reconcile to the Issuer's financial statements.

	FY 2018	FY 2017
Net interest margin, %.....	1.21	1.32

The net interest margin is a measure to display the difference between interest income and the amount of interest paid out to lenders, relative to the amount of interest-earning assets. It is calculated as the ratio of (i) the average net interest income on a monthly basis for a period of twelve months (ii) average total assets, on a monthly basis, calculated over a period of twelve months. The elements of the net interest margin are based on internal management information.

	FY 2018	FY 2017
Return on average Common Equity Tier I, %	9.8	10.4

Return on average common equity Tier 1 measures underlying net result attributable to shareholders to the book value of shareholder's equity. Return on equity is calculated as the ratio of (i) (for interim results, annualized) net underlying result attributable to shareholders and (ii) average common equity, calculated on the basis of equity at the start of and end of the reporting period, based on a fully loaded basis. The elements of the Return on average Common Equity Tier I reconcile to the Issuer's financial statements and elements in the Issuer's unaudited information set out in the tables "Underlying net result" that are incorporated by reference as the 2017 Issuer APM Information and the 2018 Issuer APM Information.

	FY 2018	FY 2017
Underlying net result.....	103.0	112.3

Underlying net result is the net result adjusted for one-off charges related to the derivatives recovery framework and the costs incurred for the Strategy 2020 investment programme. The elements of the underlying net result reconcile to the Issuer's financial statements and elements in the Issuer's unaudited information set out in the tables "Underlying net result" that are incorporated by reference as the 2017 Issuer APM Information and the 2018 Issuer APM Information.

Capital position and requirements

Based on the Supervisory Review and Evaluation Process (**SREP**), the Group received a Pillar 2 SREP requirement of 5.0 per cent. and a Pillar 2 guidance, both to be fulfilled by Common Equity Tier 1 (**CET1**) from 1 June 2018. Consequently, the Group's consolidated minimum CET1 ratio (transitional) requirement amounts to 11.4 per cent. for 2018, to which the Pillar 2 guidance is added. This is the sum of 4.5 per cent. Pillar 1 requirement plus 5.0 per cent. Pillar 2 requirement and 1.875 per cent. combined buffer requirement (comprised solely of the capital conservation buffer since no countercyclical capital buffer, systemic relevance buffer or systemic risk buffer are applicable to the Group for the time being) on a transitional basis.

As from 2019 the combined buffer requirement has risen to 2.5 per cent. CET1 (comprised of the capital conservation buffer, assuming no countercyclical capital buffer, systemic relevance buffer or systemic risk buffer is applicable to the Group at the time). This brought the Group's consolidated minimum CET1 ratio (fully loaded) requirement amounts to 12.0 per cent. A breach of the minimum requirements would induce constraints, for example in relation to dividend distributions and coupon payments on certain capital instruments, including the Capital Securities.

The Group's consolidated Tier 1 ratio requirement as from 1 June 2018 amounts to 12.9 per

cent. and the consolidated own funds minimum requirement to 14.9 per cent, to which the Pillar 2 guidance is added. In that context, any shortfall in Pillar 1 and Pillar 2 requirement components which would otherwise be made up of Additional Tier 1 capital according to CRR (**AT1**) or Tier 2 up to their respective limits would have to be met with CET1 for an AT1 shortfall and AT1 or CET1 for a Tier 2 shortfall in order to avoid a breach of the Maximum Distributable Amount.

For the Maximum Distributable Amount calculation, the applicable Pillar 1 & Pillar 2 requirements and the combined buffer requirements are taken into account and the same maximum distributable amount threshold is expected to apply to the Group and to the Issuer. Consequently, based on the Group's and the Issuer's reported capital ratios, the maximum distributable amount buffers as at 31 December 2018 are described in the table below (*Source*: each of Van Lanschot Kempen N.V.'s and Van Lanschot N.V.'s publicly available audited consolidated financial statements as of and for the financial year ended 31 December 2018, respectively).

	As at 31 December 2018		
	CET1 (Transitional/ Fully Loaded)	**Tier 1 (Transitional/ Fully Loaded)**	**Total Capital (Transitional/ Fully Loaded)**
MDA Threshold	11.4%/ 12.0%	12.9% / 13.5%	14.9% / 15.5%
Van Lanschot Kempen N.V. Ratio	21.4% / 21.4%	21.4% / 21.4%	23.5% / 23.5%
Van Lanschot Kempen N.V. RWA (€m)		4,580	
Van Lanschot N.V. Ratio	21.4% / 21.4%	21.4% / 21.4%	25.0% / 24.9%
Van Lanschot N.V. RWA (€m)		4,580	
Van Lanschot Kempen N.V. MDA Buffer (%)	10.1% / 9.4%	8.6% / 7.9%	8.7% / 8.0%*
Van Lanschot N.V. MDA Buffer (%)	10.1% / 9.4%	8.6% / 7.9%	10.1% / 9.4%*
Van Lanschot Kempen N.V. MDA Buffer (€m)	461 / 433	392 / 364*	397 / 365*
Van Lanschot N.V. MDA Buffer (€m)	461 / 432	392 / 364*	464 / 429*

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

Finally, Van Lanschot Kempen N.V. has indicated a medium term CET1 ratio targets (fully loaded) of 15-17 per cent., which includes an appropriate management buffer above regulatory requirements.

Available distributable items (**ADI**) of the Issuer as at 31 December 2018 amount to EUR 1,157 million (*Source*: Van Lanschot N.V.'s audited consolidated financial statements as of and for the financial year ended 31 December 2018).

TAXATION

The following is a general description of certain Dutch tax considerations relating to the Capital Securities. It does not purport to be a complete analysis of all tax considerations relating to the Capital Securities whether in those countries or elsewhere. Prospective purchasers of Capital Securities should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of The Netherlands of acquiring, holding and disposing of Capital Securities and receiving payments of interest, principal and/or other amounts under the Capital Securities. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Capital Securities, or any person through which an investor holds Capital Securities, of a custodian, collection agent or similar person in relation to such Capital Securities in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

THE NETHERLANDS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Capital Securities or Coupons, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a Holder, being an individual or a non-resident entity, does not have nor will have a substantial interest (aanmerkelijk belang), or - in the case of such Holder being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the Holder has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company. An entity has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate income tax purposes.

Where this summary refers to a Holder, an individual holding Capital Securities or an entity holding Capital Securities, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Capital Securities or otherwise being regarded as owning Capital Securities for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of Capital Securities or Coupons.

1. WITHHOLDING TAX

All payments made by the Issuer of interest and principal under the Capital Securities can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Capital Securities are considered either as debt for Dutch civil law purposes and do not in fact have the function of equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Dutch Corporate Income Tax Act of 1969 (*Wet op de vennootschapsbelasting 1969*) or as an equity instrument, not being shares (*aandelen*) or profit certificates (*winstbewijzen*) within the meaning of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*). See also the risk factors under the headings "*Deductibility of payments on the Capital Securities*", "*Dutch withholding tax on payments in respect of the Capital Securities*", "*Risks related to announced tax initiatives of the Dutch government*" *and* "*Holders may be subject to withholding tax under FATCA*".

2. TAXES ON INCOME AND CAPITAL GAINS

Residents

Resident entities

An entity holding Capital Securities which is, or is deemed to be, resident in The Netherlands for Dutch corporate income tax purposes and which is not tax exempt, will generally be subject to Dutch corporate income tax in respect of income or a capital gain derived from the Capital Securities at the prevailing statutory rates (at up to a maximum rate of 25 per cent).

Resident individuals

An individual holding Capital Securities who is or is deemed to be a resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from the Capital Securities at rates up to 51.75 per cent if:

(i) the income or capital gain is attributable to an enterprise from which the Holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Capital Securities, must determine taxable income with regard to the Capital Securities on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Capital Securities will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30%.

Non-residents

A Holder which is not, and is not deemed to be a resident in The Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from the Capital Securities unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the Holder derives profits from such enterprise (other than by way of Capital Securities); or

(ii) the Holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

3. GIFT AND INHERITANCE TAXES

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Capital Securities by way of gift by, or on the death of, a Holder, unless:

(i) such Holder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

4. VALUE ADDED TAX

There is no Dutch value added tax payable by a Holder in respect of payments in consideration for the issue of the Capital Securities or in respect of the payment of interest or principal under the Capital Securities or the transfer of Capital Securities.

5. OTHER TAXES AND DUTIES

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a Holder in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Capital Securities or the performance of the Issuer's obligations under the Capital Securities.

6. RESIDENCE

A Holder will not be and will not be deemed to be resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Capital Securities or the execution, performance, delivery and/or enforcement of Capital Securities.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc (the **Manager**) has, pursuant to a subscription agreement dated 28 March 2019 (the **Subscription Agreement**), agreed with the Issuer upon the terms and subject to the satisfaction of certain conditions, to subscribe the Capital Securities at an issue price of 100 per cent of their principal amount. The Issuer will pay a combined selling, management and underwriting commission, will reimburse the Manager in respect of certain of its expenses and has agreed to indemnify the Manager against certain liabilities incurred in connection with the issue of the Capital Securities. The Subscription Agreement may be terminated in certain circumstances prior to the closing of the issue of the Capital Securities.

The Manager and its affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

SELLING RESTRICTIONS

United States

The Capital Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the previous sentence have the meanings given to them by Regulation S under the Securities Act.

The Capital Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in the previous sentence have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Manager has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver any Capital Securities within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Capital Securities (the **distribution compliance period**), as determined and certified to the Agent by the Manager, and it will have sent to each other manager or person receiving a selling concession, fee or other remuneration to which it sells Capital Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Securities within the United States or to, or for the account or benefit of, U.S. persons. The Manager has further represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to the Capital Securities, and it and they have complied and will comply with all of the offering

restrictions of Regulation S of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of the Capital Securities, an offer or sale of Capital Securities within the United States by any manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act if such offer is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

The Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 of England and Wales (the **FSMA**) received by it in connection with the issue or sale of any Capital Securities in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Capital Securities in, from or otherwise involving the United Kingdom.

Italy

No application has been or will be made by any person to obtain an authorization from Commissione Nazionale per le Società e la Borsa (**CONSOB**) for the public offering (*offerta al pubblico*) of the Capital Securities in the Republic of Italy. Accordingly, no Capital Securities may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Capital Securities be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (*offerta al pubblico di prodotti finanziari*) provided for by the Financial Services Act and the relevant implementing regulations (including Regulation No. 11971).

Any offer, sale or delivery of the Capital Securities or distribution of copies of the Prospectus or any other document relating to the Capital Securities in the Republic of Italy under (i) or (ii) above must:

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

France

Each of the Manager and the Issuer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Capital Securities 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 Prospectus or any other offering material relating to the Capital Securities, 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, and/or (b) qualified investors (*investisseurs qualifiés*), acting for their own account, 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.

Prospective investors are informed that (a) the Prospectus has not been approved by the Autorité des marchés financiers, (b) such prospective investors may only take part in the transaction solely for their own account as provided in articles D. 411-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier and (c) that the Capital Securities may not be further distributed directly or indirectly to the public in France otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier.

Japan

The Capital Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and, accordingly, the Manager has represented and agreed that it will not offer or sell any Capital Securities directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, **resident of Japan** means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Capital Securities described herein. The Capital Securities may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Capital Securities constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this Prospectus nor any other offering or marketing material relating to the Capital Securities may be publicly distributed or otherwise made publicly available in Switzerland. None of this Prospectus, any other offering or marketing material relating to the offering, the Issuer or the Capital Securities have been or will be filed with or approved by any Swiss regulatory authority. The Capital Securities are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Capital Securities will not benefit from protection or supervision by such authority.

Belgium

The Manager has represented and agreed that:

(a) it will not sell, offer or otherwise make the Capital Securities available to "consumers" (*consumenten/consommateurs*) within the meaning of the Belgian Code of Economic Law (*Wetboek economisch recht/Code de droit economique*) dated 28 February 2013, as amended from time to time (the **Belgian Code of Economic Law**) within the territory of Belgium; and

(b) it will at all times comply with the applicable laws and regulations relating to the offering of investment instruments (such as the Capital Securities) to "consumers" (within the meaning of the Belgian Code of Economic Law) within the territory of Belgium, including (without limitation) the provisions of the Belgian Code of Economic Law.

Prohibition of Sales to EEA Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Securities to any retail investor in the European Economic Area. For the purposes of this provision, the expression retail investor means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(b) 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

(c) not a qualified investor as defined in the Prospectus Directive.

General

The Manager has represented and agreed that (to the best of its knowledge and belief) it will comply with all applicable laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers any Capital Securities or any interest therein or possesses or distributes this Prospectus or any other offering material relating to the Capital Securities and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of any Capital Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Manager shall have responsibility therefore. In addition, the Manager has represented and agreed that it will not directly or indirectly offer, sell or deliver any Capital Securities or distribute or publish this Prospectus or any other offering material relating to the Capital Securities in or from any jurisdiction except under circumstances that will not impose any obligations on the Issuer or the Manager.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the issue and performance of the Capital Securities. The creation and issue of the Capital Securities was authorised by resolutions of the statutory board and the supervisory board of the Issuer passed in The Netherlands on 20 March 2018 and 29 March 2018, respectively.

Legal Entity Identifier

The Issuer's Legal Entity Identifier (LEI) is 724500D8WOYCL1BUCB80.

Responsibility

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

Approval, Admission to Trading and Listing

Application has been made to the AFM to approve this document as a prospectus. Application has also been made to list the Capital Securities on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of MIFID II.

The costs to the Issuer in connection with the listing of the Capital Securities on Euronext Amsterdam will amount to approximately €3,900.

Significant or material change

There has been no significant change in the financial position of the Issuer and its subsidiaries (taken as a whole), which has occurred since 31 December 2018. There has been no material adverse change in the prospects of the Issuer since 31 December 2018.

There has been no significant change in the financial position of the Group which has occurred since 31 December 2018. There has been no material adverse change in the prospects of the Group since 31 December 2018.

Ratings

Credit rating agencies S&P and Fitch Ratings Ltd. (**Fitch**) periodically review the Issuer's creditworthiness. The Issuer continuously aims for a high creditworthiness by using the balance sheet only for client related activities and by only taking risks it can manage and understand.

	S&P	**Fitch**
Long-term credit rating	BBB+	BBB+
Outlook long-term credit rating	Stable	Stable
Short-term credit rating	A-2	F2
Latest rating report	19/07/2018	24/05/2018
Latest press release	15/09/2017	23/08/2018

Interests

Save for the commissions and any fees payable to the Manager, no person involved in the issue of the Capital Securities has an interest, including conflicting ones, material to the offer. The Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

Independent auditor

The auditors of the Issuer and of the Group are PricewaterhouseCoopers Accountants N.V. (**PwC**) for the financial years ended 31 December 2018 and 31 December 2017, respectively, who have audited the Issuer's and the Group's accounts, without qualification, in accordance with the laws of The Netherlands, including Dutch Standards on Auditing. The auditor signing the auditor's report on behalf of PwC is a member of the Dutch Professional Association of Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

Documents Available

Copies of the following documents will be available free of charge during normal business hours from the registered office of the Issuer (at Hooge Steenweg 29, 5211 JN 's-Hertogenbosch, the Netherlands) and from the specified office of the Agent:

(a) a copy of this Prospectus and any documents incorporated herein by reference; and

(b) a copy of the Agency Agreement.

Post issuance information

The Issuer does not intend to provide any post issuance information in relation to the issue of Capital Securities.

Clearing and settlement systems

The Capital Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The International Securities Identification Number (ISIN) for the Capital Securities is XS1892756682 and the Common Code is 189275668.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Yield

6.864 per cent per annum.

The yield is calculated at the Issue Date on the basis of the Issue Price until the First Call Date. It is not an indication of future yield. Since the Rate of Interest will be reset at the First Call Date (unless the Issuer redeems the Capital Securities on the First Call Date), an indication of yield relating to periods after the First Call Date cannot be given.

REGISTERED OFFICE OF THE ISSUER

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