



18 May 2010

**NEDERLANDSE WATERSCHAPSBANK N.V.**

*(Incorporated in the Netherlands with its statutory seat in The Hague)*

**€ 50,000,000,000 Debt Issuance Programme**

This document constitutes a Base Prospectus within the meaning of Directive 2003/71/EC (the '**Prospectus Directive**') and is issued in replacement of a prospectus dated 19 May 2009. This does not affect any Notes issued prior to the date of this Base Prospectus.

This Base Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the '**AFM**'), which is the Netherlands competent authority for the purpose of the Prospectus Directive and relevant implementing measures in the Netherlands, as a Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date hereof.

Under this € 50,000,000,000 Debt Issuance Programme (the '**Programme**') Nederlandse Waterschapsbank N.V. (the '**Issuer**') may from time to time issue notes (the '**Notes**') denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). Subject as set out herein, the Notes will not be subject to any maximum maturity but will have a minimum maturity of one month and the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed € 50,000,000,000 (or its equivalent in other currencies calculated as described herein).

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

The Notes of each Tranche (as defined below) will (unless otherwise specified in the applicable Final Terms) initially be represented by a Global Note which will be deposited on the issue date thereof (the '**Issue Date**') either (i) if the Notes are intended to be issued in New Global Note ('**NGN**') form, with a common safekeeper for Euroclear Bank S.A./N.V. ('**Euroclear**') and Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**') or (ii) if the Notes are not intended to be issued in NGN form, with a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system or Euroclear Netherlands. See 'Form of the Notes' herein.

Application has been made to Euronext Amsterdam N.V. for Notes issued under the Programme up to the expiry of 12 months from the date of this Prospectus to be admitted to trading on Euronext Amsterdam by NYSE Euronext ('**Euronext Amsterdam**'). Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme up to the expiry of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. Notes issued under the Programme may be listed on any other stock exchange specified in the applicable Final Terms. Euronext Amsterdam by NYSE Euronext is a regulated market for the purposes of Directive 2004/39/EC (the '**Markets in Financial Instruments Directive**'). The Issuer may also issue unlisted Notes.

The Programme has been rated AAA (in respect of Notes with a maturity of more than one year) and A-1+ (in respect of Notes with a maturity of one year or less) by Standard & Poor's Ratings Services and has been rated P-1 (in respect of short-term Notes) and Aaa (in respect of senior unsecured medium-term Notes) by Moody's Investors Service Limited. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplemental Base Prospectus, if appropriate, will be made available

which will describe the effect of the agreement reached in relation to such Notes and which will be subject to the prior approval of the AFM.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the ‘**Securities Act**’), and certain of the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see ‘Subscription and Sale’ below).

Arranger

The Royal Bank of Scotland

Dealers

Barclays Capital	BNP PARIBAS
BofA Merrill Lynch	Citi
Credit Suisse	Daiwa Capital Markets Europe
Deutsche Bank	HSBC
ING Commercial Banking	J.P. Morgan
Mizuho International plc	Nederlandse Waterschapsbank N.V.
Nomura International	Rabobank International
RBC Capital Markets	The Royal Bank of Scotland
UBS Investment Bank	

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## SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

*This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Civil liability attaches to the Issuer, being the entity which has tabled the summary (including any translation thereof), and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Base Prospectus. Where a claim relating to the information contained in a Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

### **The Issuer**

Nederlandse Waterschapsbank N.V. (the '**Issuer**') was incorporated in 1954 under the laws of the Netherlands and is a public limited company ('*naamloze vennootschap*'). The Issuer is authorised by the Dutch Central Bank ('**De Nederlandsche Bank N.V.**' or '**DNB**') to pursue the business of a credit institution ('*kredietinstelling*') in the Netherlands and is consequently supervised by DNB. In addition the Issuer is supervised by the AFM.

### **Shareholders of the Issuer**

The shares of the Issuer are held by 26 water boards ('*waterschappen*') (81 per cent.), by 9 provinces (2 per cent.) and the State of the Netherlands (17 per cent.)

### **Business overview**

The Issuer engages lending activities including providing:

- loans to central or other public authorities; and
- loans to legal entities which are controlled by central or other public authorities (either fully or to a large extent, directly or indirectly, and by means of share-ownership or otherwise).

The Issuer's articles of association (the '**Articles of Association**') limit the lending activities of the Issuer to granting loans to water boards and other public entities and to any legal entity in which a public entity has a predominant interest.

### **Managing board and supervisory board**

The managing board of the Issuer consists of chairman R.A. Walkier and member L.M.T. Van Velden. The supervisory board of the Issuer consists of seven members, which are listed in the section '*Nederlandse Waterschapsbank N.V.*'

### **Financial information relating to the Issuer**

The Issuer's balance sheet, income statement and cash flow statement for 2008 and 2009 are disclosed in this Base Prospectus. The Issuer's financial statements for 2008 and 2009 have been prepared in accordance with International Financial Reporting Standards ('**IFRS**') and have been audited by KPMG Accountants N.V. The Issuer's equity amounts to EUR 1,048 million as at 31 December 2009. The indebtedness of the Issuer as at 31 December 2009 amounts to EUR 51,374 million.

### ***Risk factors***

Potential investors must be aware of certain risk factors (as described in detail hereafter in the chapter "Risk Factors") which are related to (i) the market generally, (ii) the assessment of the market risk relating to Notes issued under the Programme, (iii) the structure of a particular issue of Notes, (iv) the Notes generally and (v) factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme, when considering whether to make a purchase of Notes issued under the Programme.

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

<b>Description</b>	Debt Issuance Programme
<b>Arranger</b>	The Royal Bank of Scotland plc
<b>Dealers</b>	Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (Europe) Limited Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch HSBC Bank plc ING Bank N.V. J.P. Morgan Securities Ltd. Merrill Lynch International Mizuho International plc Nederlandse Waterschapsbank N.V. Nomura International plc Royal Bank of Canada Europe Limited The Royal Bank of Scotland plc UBS Limited
<b>Regulatory Matters</b>	Each issue of Notes in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see 'Subscription and Sale' below).
<b>Issuing and Principal Paying Agent</b>	Dexia Banque Internationale à Luxembourg, société anonyme
<b>Size</b>	Up to € 50,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies</b>	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish krone, euro, Hong Kong dollars, New Zealand dollars, Sterling, Swiss francs, United States dollars and

Japanese yen.

<b>Redenomination</b>	The applicable Final Terms may provide that certain Notes may be redenominated in euro
<b>Maturities</b>	Any maturity, subject to applicable laws, regulations and restrictions and subject to a minimum maturity of one month.
<b>Issue Price</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes</b>	Each Tranche of Notes will (unless otherwise specified in the applicable Final Terms) initially be represented by a Global Note which will be deposited on the relevant Issue Date either (i) if the Notes are intended to be issued in NGN form, with a common safekeeper for Euroclear and Clearstream, Luxembourg or (ii) if the Notes are not intended to be issued in NGN form, with a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system or with Euroclear Netherlands. The Global Note will be exchangeable as described therein for either a permanent Global Note or definitive Notes upon certain conditions including, in the case of a temporary Global Note where the issue is subject to TEFRA D selling restrictions, upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a permanent Global Note is exchangeable for definitive Notes either (i) upon not less than 30 days' notice or (ii) upon the occurrence of an Exchange Event, as described in 'Form of the Notes' herein. Any interest in a Global Note will be transferable only in accordance with the rules and procedures for the time being of either (i) Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system or (ii) Euroclear Netherlands, as appropriate. Definitive Notes to be held in Euroclear Netherlands will be in either K-form (including 'verzamelbewijs') or CF-form as described in 'Form of the Notes' below.
<b>Fixed Rate Notes</b>	Fixed interest will be payable on the date or dates specified in the applicable Final Terms and on redemption and will be calculated on the basis of such Fixed Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Notes</b>	Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).

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

**Index Linked Notes**

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

**Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes**

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

**Dual Currency Notes**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms.

**Zero Coupon Notes**

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

**Redemption**

The applicable Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be repayable in two or more instalments in such amounts and on such dates as indicated in it.

The Notes are unsecured obligations of the Issuer and will be redeemed in full by the Issuer.

**Denomination of Notes**

Notes will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

**Taxation**

Payments in respect of the Notes will as specified in the applicable Final Terms be made either subject to withholding of applicable Dutch taxes (if any) or without withholding or deduction for or on account of taxes levied in the Netherlands, subject to certain exceptions as provided in Condition 7. If the applicable Final Terms provide that payments are to be made subject to withholding of applicable Dutch taxes (if any), it will

also specify that Condition 6.2 will not apply to the Notes.

**Negative Pledge**

See Condition 2.

**Cross Default**

None.

**Status of the Notes**

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

**Rating**

The Programme has been rated AAA (in respect of Notes with a maturity of more than one year) and A-1+ (in respect of Notes with a maturity of one year or less) by Standard & Poor's Ratings Services and has been rated P-1 (in respect of short-term Notes) and Aaa (in respect of senior unsecured medium-term Notes) by Moody's Investors Service Limited. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing**

Application has been made for Notes to be listed on Euronext Amsterdam by NYSE Euronext. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Notes may also be listed on such other regulated market as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The applicable Final Terms will state whether or not the Notes are to be listed and, if so, on which regulated market.

**Governing Law**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, the laws of the Netherlands.

**Selling Restrictions**

There are selling restrictions in relation to the European Economic Area (including the Netherlands and the United Kingdom), Japan and the United States and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See 'Subscription and Sale' below.



## **RISK FACTORS**

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. 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. Factors (although not exhaustive) which could be material for the purpose of assessing the market risks associated with Notes issued under the Programme are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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

#### *The secondary market generally*

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

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

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

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

#### *Credit Rating Risks*

Credit or corporate ratings may not reflect all risks. One or more independent rating agencies may assign ratings to the Notes and/or the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this paragraph, and other factors that may affect the value of

the Notes or the standing of the Issuer. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus and any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential Investor's Currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (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 investments and its ability to bear the applicable risks; and
- (vi) be aware that he or she may receive no interest, that payment of principal or interest may occur at a different time or in a different currency than expected, or that he or she may lose all or a substantial portion of their principal.

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

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

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

***Notes subject to optional redemption by the Issuer***

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an

effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

#### ***Risks related to Notes generally***

##### *Modification and waiver*

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

##### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

***Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme***

The Issuer's most important risk categories are interest rate, liquidity and credit risk.

*Interest Rate Risk*

The Issuer's exposure to fluctuations in interest rates arises from differences in interest rate and terms between lending and borrowing. The policy is to manage the interest rate risk bank-wide by closing interest rate swap transactions for both the asset and the liability side of the balance sheet, in which the Issuer agrees to exchange, at specified intervals, the difference between fixed and variable interest rates calculated by reference to an agreed-upon notional principal amount.

As a result of the extreme market developments in the light of the credit crisis, over the past year, the Issuer has been confronted with risks from changes in spreads compared with its benchmark, the swap interest rates. The high degree of risk aversion and associated sharply reduced liquidity on capital markets has resulted in the Issuer having to lend for longer periods at the swap interest rate with a spread, whereas in the past it lent at swap rates. At the same time, the Issuer can finance itself for the shorter term (up to six months) at rates that are lower than the swap interest rate. This fact confirms the current risk aversion and demand for liquidity. These spread developments lead to changes in the fair value of assets and liabilities.

*Liquidity Risk*

The Issuer has a AAA credit rating. With this credit rating, under normal circumstances, the Issuer should always be able to cover its current and future liquidity requirements in the market. In case of market stagnation, the Issuer has different means, amongst others in the form of liquid assets and collateral pledged with the Dutch Central Bank to repay loans and finance new loans.

*Credit Risk*

The Issuer lends primarily to public authorities and institutions guaranteed by public authorities (including a limited securities portfolio). In addition, it carries out hedging transactions with financial institutions, including currency and interest rate swaps and money market deposits, based on which there is a counterparty risk. A relatively small proportion of loans is provided to government companies (Dutch utility companies). The Issuer's Articles of Association prohibit lending to the private sector.

## IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained in this Base Prospectus has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from the information published by such third parties, does not omit anything likely to render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under 'Terms and Conditions of the Notes') of Notes will be set forth in the final terms (the '**Final Terms**') which, with respect to Notes to be listed on Euronext Amsterdam by NYSE Euronext, will be filed with the AFM and delivered to Euronext Amsterdam on or before the relevant Issue Date of the Notes of such Tranche and, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the AFM and delivered to the Luxembourg Stock Exchange on or before the relevant Issue Date of the Notes of such Tranche.

The Base Prospectus should, in relation to any Series (as defined in the relevant 'Final Terms' and the 'Terms and Conditions of the Notes') of Notes, be read and construed together with the relevant Final Terms.

In the context of an offer to the public as defined in the Prospectus Directive, and subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries as the case may be.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

The Programme provides that Notes may be admitted to listing, trading and/or quotation by such other or further listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

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

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

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

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

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

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

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the '**Securities Act**'), and certain of the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see 'Subscription and Sale' below).

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes 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 Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base 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. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the Netherlands and the United Kingdom) and Japan, see "Subscription and Sale".

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a '**Relevant Member State**') will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

All references in this document to 'U.S. dollars', 'United States dollars' 'U.S.\$' and '\$' refer to the currency of the United States of America, those to 'Japanese Yen', 'Yen' and '¥' refer to the currency of Japan, those to 'Swiss Francs' and 'CHF' refer to the currency of Switzerland, those to 'Sterling' and '£' refer to the currency of the United Kingdom and those to '€' and 'euro' refer to 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.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (i) the Articles of Association of the Issuer (translated into English);
- (ii) the annual reports in respect of the financial years 2008 and 2009, which includes the publicly available audited annual Financial Statements on pages 33 up to and including 81 and pages 53 up to and including 101 respectively, as well as the relevant auditors reports on pages 84 up to and including 85 and 103 up to and including 104 respectively and the Report of the Managing Board in respect of both financial years (in each case translated into English) on pages 18 up to and including 32 and pages 16 up to and including 27 respectively; and
- (iii) the Terms and Conditions of the Notes taken from the Base Prospectuses dated 10 June 2002 (page 19 up to and including 35), 10 June 2003 (page 19 up to and including 35), 11 June 2004 (page 20 up to and including 36), 7 July 2005 (page 25 up to and including 39), 6 July 2006 (page 26 up to and including 41), 6 July 2007 (page 38 up to and including 54), 7 July 2008 (page 39 up to and including 56) and 19 May 2009 (page 47 up to and including 67).

Any other information which is contained in any document mentioned under points (ii) and (iii) above but not specifically stated as being incorporated by reference is either not relevant for investors or covered elsewhere in this Base Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Written requests for such documents should be directed to the Issuer at its registered office set out at the end of this Base Prospectus. In addition, such documents will be available from the office in Luxembourg of Dexia Banque Internationale à Luxembourg in its capacity as Agent.

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

This Base Prospectus and any supplement will only be valid for listing Notes on Euronext Amsterdam by NYSE Euronext, the Luxembourg Stock Exchange and/or any other regulated market in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed € 50,000,000,000 or its equivalent in other currencies. For the purpose of calculating the aggregate amount of Notes issued under the Programme from time to time:

- (i) the euro equivalent of Notes denominated in another Specified Currency shall be determined, at the discretion of the Issuer, as of the date of agreement to issue such Notes (the '**Agreement Date**') or on the preceding day on which commercial banks and foreign exchange markets are open for business in Amsterdam, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the Amsterdam foreign exchange market quoted by any leading bank selected by the Issuer on such date;
- (ii) the amount (or, where applicable, the euro equivalent) of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as defined under 'Form of the Notes') shall be calculated (in the case of Notes not denominated in euro, in the manner specified above) by reference to the original nominal



amount of such Notes (in the case of Partly Paid Notes, regardless of the subscription price paid);  
and

- (iii) the amount (or, where applicable, the euro equivalent) of Zero Coupon Notes (as defined under 'Form of the Notes') and other Notes issued at a discount or premium shall be calculated (in the case of Notes not denominated in euro, in the manner specified above) by reference to the net proceeds received by the Issuer for the relevant issue.

## FORM OF THE NOTES

Each Tranche of Notes will (unless otherwise indicated in the applicable Final Terms) be in bearer form and will be initially represented by a temporary global Note (a '**Temporary Global Note**') or, if so specified in the applicable Final Terms, a permanent global Note (a '**Permanent Global Note**' and, together with the Temporary Global Note, the '**Global Notes**'), without receipts, interest coupons or talons, which in either case, will:

- (i) if the Global Notes are intended to be issued in new global note ('**NGN**') form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the '**Common Safekeeper**') for Euroclear Bank S.A./N.V. ('**Euroclear**') and Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**'); and
- (ii) if the Global Notes are not intended to be issued in NGN form:
  - (A) be delivered on or prior to the original issue date of the Tranche to a common depository (the '**Common Depository**') for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system; or
  - (B) be deposited with Euroclear Netherlands.

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

On and after the date (the '**Exchange Date**') which is not less than 40 days nor more than 90 days after the date on which the Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a Permanent Global Note without receipts, interest coupons or talons or for definitive Notes (as indicated in the applicable Final Terms) in each case (if the Notes are subject to TEFRA D selling restrictions) against certification of beneficial ownership as described in the second sentence of the preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date, unless upon due presentation of this Temporary Global Note for exchange as aforesaid, delivery of any of the definitive Notes or Coupons is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under 'Terms and Conditions of the Notes' below) the Agent shall arrange that, where a Temporary Global Note representing a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear, Clearstream, Luxembourg or Clearnet S.A. Amsterdam Branch Stock Clearing.

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

Payments of principal and interest (if any) on a Permanent Global Note will be made through the relevant clearing system(s) (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. A Permanent Global Note will be exchangeable (free of charge), in whole or (subject to the Notes which continue to be represented by the Permanent Global Note being regarded by the relevant clearing system(s) as fungible with the Definitive Notes issued in partial exchange for such Permanent Global Note) in part in accordance with the applicable Final Terms, for security printed definitive Notes (**'Definitive Notes'**) with, where applicable, receipts, interest coupons or coupon sheets and talons attached. Such exchange may be made, as specified in the applicable Final Terms either: (i) upon not less than 30 days' written notice to the Agent by Euroclear, Clearstream, Luxembourg and/or another relevant Clearing System and/or Euroclear Netherlands (acting on the instructions of any of its participants) as described therein or (ii) only upon the occurrence of an Exchange Event. An **'Exchange Event'** means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available or (2) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7 which would not be required were the Notes represented by the Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands acting on the instructions of any holder of an interest in the Global Note may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 15 days after the date on which the relevant notice is received by the Agent. Global Notes and Definitive Notes will be issued pursuant to the Agency Agreement. At the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in definitive form.

In the case of Notes represented by a Permanent Global Note deposited with Euroclear Netherlands, a Noteholder shall not have the right to request delivery (*uitlevering*) thereof under the Dutch Securities Giro Transfer Act (*'Wet giraal effectenverkeer'*) other than in the event of an exchange as described above.

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

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

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

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

'Notice: This Note is issued for deposit with 'Euroclear Netherlands' at Amsterdam, the Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved'.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 of the Notes. In such circumstances, where any Note is still represented by a Global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) (other than Euroclear Netherlands) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such Global Note, holders of interests in such Global Note credited to their accounts with the relevant clearing system(s) (other than Euroclear Netherlands) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) (other than Euroclear Netherlands) on and subject to the terms of the relevant Global Note. In the case of a Global Note deposited with Euroclear Netherlands, the rights of Noteholders will be exercised in accordance with the Dutch Securities Giro Transfer Act.

## FORM OF FINAL TERMS RE ISSUES WITH A DENOMINATION OF LESS THAN EUR 50,000

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 50,000.

[date]

### **Nederlandse Waterschapsbank N.V.**

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

### **Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the € 50,000,000,000 Debt Issuance Programme**

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

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 37 below, provided such person is one of the persons mentioned in Paragraph 37 below and that such offer is made during the Offer Period specified for such purpose therein.

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

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>2</sup>

This document constitutes the Final Terms relating to the Issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 18 May 2010 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [as so supplemented]

<sup>1</sup> Consider including this legend where a non-exempt offer of Notes is anticipated.

<sup>2</sup> Consider including this legend where only an exempt offer of Notes is anticipated.

is available for viewing at the registered office of the Issuer at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands and copies may be obtained from Dexia Banque Internationale à Luxembourg, société anonyme, 69, route d'Esch, L-2953 Luxembourg, Luxembourg.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in a prospectus dated [●] [and the supplemental prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 18 May 2010 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the prospectus dated [●] and any supplements thereto (if applicable) and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, including the attached Conditions, and the Base Prospectus dated 18 May 2010 [and the supplemental Base Prospectuses dated [●] and [●]]. Copies of such Base Prospectus [and the supplemental Base Prospectuses dated [●] and [●]] are available for viewing at the registered office of the Issuer at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands and copies may be obtained from Dexia Banque Internationale à Luxembourg, société anonyme, 69, route d'Esch, L-2953 Luxembourg, Luxembourg.

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

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

1. Issuer: Nederlandse Waterschapsbank N.V.
  
2. (a) Series Number: [ ]  
(b) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
  
3. Specified Currency or Currencies: [ ]
  
4. Aggregate Nominal Amount:
  - Tranche: [ ]
  - Series: [including this Tranche]
  
5. (a) Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]  
(b) Net proceeds: [ ]  
(Required only for listed issues)

6. (a) Specified Denominations: [ ]
- (Note – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].")*
- (b) Calculation Amount: *(Applicable to Notes in definitive form)* *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
- (c) Form of Definitive Notes: [K/CF/Standard Euromarket]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ ]
8. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in [specify month and year]]*
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR/other]+/-[ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[specify other]
- (NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: [Investor Put]  
[Issuer Call]

[(further particulars specified below)]

13. Status of the Notes: Senior
14. Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam by NYSE Euronext/the Luxembourg Stock Exchange/specify other] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam by NYSE Euronext/the Luxembourg Stock Exchange/specify other] with effect from [ ].] [Not Applicable.]
- [where documenting a fungible issue, please indicate that original Notes are already admitted to trading]*
15. Method of distribution: [Syndicated/Non-syndicated]

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

16. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Fixed Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear]  
*(if payable other than annually, consider amending Condition 4)*
- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other] (NB: This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (d) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
*(Applicable to Notes in definitive form)*
- (e) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (f) Determination Date(s): [ ] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon  
NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration  
NB: Only relevant where Fixed Day Count Fraction]*



*is Actual/Actual (ICMA)]*

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

17. **Floating Rate Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (f) Screen Rate Determination: [Yes/No]
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other including the fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and second day on which the TARGET2 system is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination: [Yes/No]
- Floating Rate Option: [ ]

- Designated Maturity: [ ]
  - Reset Date: [ ]
- (h) Margin(s): [ +/- ] [ ] per cent. per annum
- (i) Minimum Rate of Interest: [ ] per cent. per annum
- (j) Maximum Rate of Interest: [ ] per cent. per annum
- (k) Floating Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
*(See Condition 4 for alternatives)*
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
18. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Any other formula/basis of determining amount payable: [ ]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6.5(b) and 6.10 apply/specify other]  
*[Consider applicable day count fraction if not U.S. dollar denominated]*
19. **Index Linked Interest Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Index/Formula [give or annex details]
- (b) Calculation Agent responsible for calculating the interest due: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the [ ]

Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):

- (d) Determination Date(s): [ ]
- (e) Provisions for determining Payment Dates: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*  
Coupon where calculated by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (f) Interest or calculation period(s) [ ]
- (g) Specified Interest Payment Dates: [ ]
- (h) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (i) Business Centre(s): [ ]
- (j) Minimum Rate/Amount of Interest: [ ] per cent per annum
- (k) Maximum Rate/Amount of Interest: [ ] per cent per annum
- (l) Floating Day Count Fraction: [ ]

20. **Dual Currency Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Rate of Exchange/method of calculating Rate of Exchange: *[Give or annex details]*
- (b) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [ ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

21. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] [per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (d) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

22. Investor Put:

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] [per Calculation Amount/specify other/see Appendix]
- (c) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

23. Final Redemption Amount:

[ ] per Calculation Amount/specify other/see Appendix  
*(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply).*

24. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.5):  per Calculation Amount/*specify other/see Appendix*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:
- (a) Form:  [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon not less than 30 days' notice given by the holder at any time/only upon the occurrence of an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes upon not less than 30 days' notice given by the holder at any time/only upon the occurrence of an Exchange Event]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves.)*
- (b) New Global Note:  [Yes/No]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates:  [Not Applicable/give details]
- [Note that this item relates to the place of payment, and not Interest Period end dates, to which items 17 (iii) and 19 (ix) relate]*
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):  [Yes/No *If yes give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any), of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:  [Not Applicable/*give details*]
29. Details relating to Instalment Notes; amount of each instalment, date on which each payment is to be made:  [Not Applicable/*give details*]
30. Redenomination:  [Redenomination [not] applicable]  
*[(if Redenomination is applicable, specify the terms*

*of the redenomination in an Annex to the Final Terms)]*

31. Whether Condition 7(a) of the Notes applies (in which case Condition 6.2 of the Notes will not apply) or whether Condition 7(b) and Condition 6.2 of the Notes applies: [Condition 7(a) applies and Condition 6.2 does not apply]  
[Condition 7(b) and Condition 6.2 apply]
32. Other terms or special conditions: [Not Applicable/give details]

## DISTRIBUTION

33. (a) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (b) Date of [Syndication] Agreement: [ ]
- (c) Stabilising Manager(s) (if any): [Not Applicable/give name]
34. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
35. Total commission and concession: [ ] per cent. of the Aggregate Nominal Amount
36. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
37. Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter"] (**Offer Period**). See further

Paragraphs 42-44 below.

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*

38. Additional Selling Restrictions [Not Applicable/give details]

#### **OPERATIONAL INFORMATION**

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

40. Delivery: Delivery [against/free of] payment

41. Additional Paying Agent(s) (if any): [ ]

42. Offer Period: [[The offer of the Notes is expected to open at [●] hours([●] time) on [●] and close at [●] hours ([●] time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in [●].]

[The Issuer reserves the right to withdraw the offer of the Notes until [●] at the latest. Such withdrawal will be announced in the forementioned publications.]

[The aggregate principal amount of the Notes to be issued and allotted will be announced by the Issuer at [●] hours ([●] time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the fore mentioned publications.]

[The Issuer reserves the right to increase or reduce the aggregate principal amount of the Notes to be issued. Such increase or reduction will be announced in the fore mentioned publications]

[[No]/[D/d]ealing in the Notes will be possible before the aggregate principal amount of the Notes is announced as set out above.]

[Not Applicable]

43. Reduction of subscriptions: [[Subscriptions in excess. If the Issuer determines to

increase the aggregate principal amount of the Notes to be issued this will be announced by the Issuer at [●] hours ([●] time) on [●] or such earlier or later date or time as the Issuer may determine and will be announced in the fore mentioned publications.]

[in [ ]]  
[Not Applicable]

44. Maximum and minimum subscription amount: [[●] and [●].

45. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]  
[include this text if "yes" selected in which case the Notes must be issued in NGN form]

46. For the purpose of Condition 13, notices to be published in the Financial Times: [Yes/No]

ISIN: [ ]  
Common Code: [ ]  
Any other relevant code: [ ]

47. Ratings: The Notes to be issued have been rated:

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

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

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

48. Interests of natural and legal persons involved in the Issue: [Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. (Amend as appropriate if there are other interests)]



49. Reasons for the offer, estimated net proceeds and total expenses:
- (a) Reasons for the offer: [ ] (*See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.*)
- (b) Estimated net proceeds: [ ] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)
- (c) Estimated total expenses: [ ] [*Include breakdown of expenses*]
50. Indication of yield (Fixed Rate Notes only) [ ] [*Calculated as [include details of method of calculation in summary form] on the Issue Date*] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
51. Historic Interest Rates (*Floating Rate Notes only*)
- Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]
52. Performance of index/formula, explanation of effect on value of investment and associated risks and other information concerning the underlying (Index-Linked Notes only)
- [If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*
- (N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*
- [Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*
- [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*
- [Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*
- [(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*
- The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

53. Performance of rate[s] of exchange and explanation of effect on value of investment (Dual Currency Notes only)

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

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

54. TERMS AND CONDITIONS OF THE OFFER *[only applicable in respect of Non-exempt Offers]*

*Issue Price:* *[Issue Price/Not applicable/specify]*

*[Conditions to which the offer is subject:]* *[Not applicable/give details]*

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

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

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

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

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

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

*[Categories of potential investors to which the Notes are offered and whether Tranche(s) have been reserved for certain countries:]* *[Not applicable/give details]*

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

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

*[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] [None/give details]*

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [Euronext Amsterdam by NYSE Euronext/ the Luxembourg Stock Exchange/*specify other*] of the Notes described herein] pursuant to the € 50,000,000,000 Debt Issuance Programme of Nederlandse Waterschapsbank N.V.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## FORM OF FINAL TERMS RE ISSUES WITH A DENOMINATION OF AT LEAST EUR 50,000

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 50,000.

[date]

### Nederlandse Waterschapsbank N.V.

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

### Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the € 50,000,000,000 Debt Issuance Programme

This document constitutes the Final Terms relating to the Issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 18 May 2010 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s], a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [as so supplemented] is available for viewing at the registered office of the Issuer at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands and copies may be obtained from Dexia Banque Internationale à Luxembourg, société anonyme, 69, route d'Esch, L-2953 Luxembourg, Luxembourg.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in a prospectus dated [●] [and the supplemental prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 18 May 2010 [and the supplemental prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the prospectus dated [●] and any supplements thereto (if applicable) and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, including the attached Conditions, and the Base Prospectus dated [●] May 2010 [and the supplemental Base Prospectuses dated [●] and [●]]. Copies of such Base Prospectuses [and the supplemental Base Prospectuses dated [●] and [●]] are available for viewing at the registered office of the Issuer at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands and copies may be obtained from Dexia Banque Internationale à Luxembourg, société anonyme, 69, route d'Esch, L-2953 Luxembourg, Luxembourg.

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

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

1. Issuer: Nederlandse Waterschapsbank N.V.
2. (a) Series Number: [ ]
- (b) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - Tranche: [ ]
  - Series: [including this Tranche]
5. (a) Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- (b) Net proceeds: [ ]  
(Required only for listed issues)
6. (a) Specified Denominations: [ ]  
  
*(Note – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed:*  
  
*"[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].")*
- (b) Calculation Amount: (Applicable to Notes in definitive form) *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
- (c) Form of Definitive Notes: [K/CF/Standard Euromarket]
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ ]
8. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in [specify month and year]]*
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR/other]+/-[ ] per cent. Floating Rate]

- [Zero Coupon]  
[Index Linked Interest]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[specify other]
- (NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: Senior
14. Listing and admission to trading:
- (a) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam by NYSE Euronext/ the Luxembourg Stock Exchange/specify other]] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Amsterdam by NYSE Euronext/ the Luxembourg Stock Exchange/specify other] with effect from [ ].]  
[Not Applicable.]
- [where documenting a fungible issue, please indicate that original Notes are already admitted to trading]*
- (b) Estimate of total expenses related to admission to trading: [ ]
15. Method of distribution: [Syndicated/Non-syndicated]

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

16. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining*

*subparagraphs of this paragraph)*

- (a) Fixed Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]  
*(if payable other than annually, consider amending Condition 4)*
- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other] (NB: This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (d) Broken Amount(s): *(Applicable to Notes in definitive form)* [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (e) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (f) Determination Date(s): [ ] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*  
NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration  
NB: Only relevant where Fixed Day Count Fraction is Actual/Actual (ICMA)]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

17. **Floating Rate Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount [ ]

(if not the Agent):

- (f) Screen Rate Determination: [Yes/No]
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other including the fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and second day on which the TARGET2 system is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination: [Yes/No]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (h) Margin(s): [+/-] [ ] per cent. per annum
- (i) Minimum Rate of Interest: [ ] per cent. per annum
- (j) Maximum Rate of Interest: [ ] per cent. per annum
- (k) Floating Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
Other]  
*(See Condition 4 for alternatives)*
- (l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]



18. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Any other formula/basis of determining amount payable: [ ]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6.5(b) and 6.10 apply/specify other]  
*[Consider applicable day count fraction if not U.S. dollar denominated]*
19. **Index Linked Interest Note Provisions:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index/Formula: [give or annex details]
- (b) Calculation Agent responsible for calculating the interest due: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [ ]
- (d) Determination Date(s): [ ]
- (e) Provisions for determining Payment Dates: [need to include a description of market disruption or settlement disruption events and adjustment provisions]  
Coupon where calculated by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (f) Interest or calculation period(s): [ ]
- (g) Specified Interest Payment Dates: [ ]
- (h) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (i) Business Centre(s): [ ]

- (j) Minimum Rate/Amount of Interest: [ ] per cent per annum
- (k) Maximum Rate/Amount of Interest: [ ] per cent per annum
- (l) Floating Day Count Fraction: [ ]

20. **Dual Currency Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [ ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

21. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] [per Calculation Amount/specify other/see Appendix]
- (c) If redeemable in part:
  - (i) Minimum Redemption Amount: [ ]
  - (ii) Maximum Redemption Amount: [ ]
- (d) Notice period (if other than as set out in the Conditions): [ ]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for*

*example, as between the Issuer and the Agent)*

22. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] [per Calculation Amount/specify other/see Appendix]
- (c) Notice period (if other than as set out in the Conditions): [ ]
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
23. Final Redemption Amount: [ ] per Calculation Amount/specify other/see Appendix]  
*(NB: If the Final Redemption Amount is other than 100% of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply).*
24. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.5): [[ ] per Calculation Amount/specify other/see Appendix]]

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

25. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon not less than 30 days' notice given by the holder at any time/only upon the occurrence of an Exchange Event]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes upon not less than 30 days' notice given by the holder at any time/only upon the occurrence of an Exchange Event]

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

- (b) New Global Note: [Yes/No]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
*[Note that this item relates to the place of payment, and not Interest Period end dates, to which items 17 (iii) and 19 (ix) relate]*
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No *If yes give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any), of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes; amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redenomination: [Redenomination [not] applicable]  
*[(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]*
31. Whether Condition 7(a) of the Notes applies (in which case Condition 6.2 of the Notes will not apply) or whether Condition 7(b) and Condition 6.2 of the Notes applies: [Condition 7(a) applies and Condition 6.2 does not apply]  
[Condition 7(b) and Condition 6.2 apply]
32. Other terms or special conditions: [Not Applicable/give details]

## DISTRIBUTION

33. (a) If syndicated, names of Managers: [Not Applicable/*give names*]  
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- (b) Date of Subscription Agreement: [ ]  
(*The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)
- (c) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
34. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
35. Non-exempt Offer: Not Applicable
36. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
37. Additional Selling Restrictions: [Not Applicable/*give details*]

## OPERATIONAL INFORMATION

38. Any clearing system(s) other than Euroclear Bank S.A./N.V./ and Clearstream Banking, société Anonyme and the relevant Identification numbers: [Not Applicable/*give name(s) and number(s)*]
39. Delivery: Delivery [against/free of] payment
40. Additional Paying Agent(s) (if any): [ ]
41. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]
- [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the Notes must be*

*issued in NGN form]*

42. For the purpose of Condition 13, notices to be published in the Financial Times: [Yes/No]  
ISIN: [ ]  
Common Code: [ ]  
Any other relevant code: [ ]
43. Ratings: The Notes to be issued have been rated:  
[S & P: [ ]]  
[Moody's: [ ]]  
[[Other]: [ ]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
44. Interests of natural and legal persons involved in the Issue: [Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. *(Amend as appropriate if there are other interests)*]
45. Reasons for the offer, estimated net proceeds and total expenses:
- (a) Reasons for the offer: [ ] *(See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (b) Estimated net proceeds: [ ] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (c) Estimated total expenses: [ ] *[[Include breakdown of expenses]*
- (N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (a) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (b) and (c) above are also required.)*
46. Indication of yield (Fixed Rate Notes only) [ ]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

47. Performance of index/formula, explanation of effect on value of investment and associated risks and other information concerning the underlying (Index-Linked Notes only)

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

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

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

*(N.B. This paragraph 47 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

48. Performance of rate[s] of exchange and explanation of effect on value of investment (Dual Currency Notes only)

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

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

*(N.B. This paragraph 48 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [Euronext Amsterdam by NYSE Euronext/ the Luxembourg Stock Exchange/specify other] of the Notes described herein] pursuant to the € 50,000,000,000 Debt Issuance Programme of Nederlandse Waterschapsbank N.V.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: .....  
Duly authorised



## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a series of Notes issued by Nederlandse Waterschapsbank N.V. (the '**Issuer**') pursuant to the Agency Agreement (as defined below). References herein to the '**Notes**' shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a Global Note, units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an Amended and Restated Agency Agreement dated 18 May 2010 (as further amended and/or supplemented and/or restated from time to time, the '**Agency Agreement**') made between the Issuer and Dexia Banque Internationale à Luxembourg, société anonyme as issuing and principal paying agent and agent bank (the '**Agent**', which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the '**Paying Agents**', which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes in the standard euromarket form (unless otherwise indicated in the applicable Final Terms) have interest coupons ('**Coupons**') and, if indicated in the applicable Final Terms, talons for further Coupons ('**Talons**') attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes in the standard euromarket form repayable in instalments have receipts ('**Receipts**') for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to '**Noteholders**' shall mean the holders of the Notes, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to '**Receiptholders**' shall mean the holders of the Receipts and any reference herein to '**Couponholders**' shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons. Any holders mentioned above include those having a credit balance in the collective depots held by Euroclear Netherlands' or one of its participants.

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

The Final Terms for this Note are endorsed hereon or attached hereto or applicable hereto or incorporated by reference herein and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the '**applicable Final Terms**' are to the Final Terms for this Note.

As used herein, '**Tranche**' means Notes which are identical in all respects (including as to listing) and '**Series**' means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i)

expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) from the date on which such consolidation is expressed to take effect.

Copies of the Agency Agreement and the applicable Final Terms are available for inspection at the specified offices of each of the Agent and the other Paying Agents save that Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are binding on them.

## 1. FORM, DENOMINATION AND TITLE

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

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note or a combination of any of the foregoing, depending on the Interest Basis indicated in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

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

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

## 2. STATUS OF THE NOTES AND NEGATIVE PLEDGE

The Notes and the relative Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law. So long as the Notes or any relative Receipts or Coupons remain outstanding the Issuer will not secure any present or future indebtedness (whether being principal, premium, interest or other amounts) represented by notes, bonds or other debt securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market without securing the Notes equally and rateably except that the foregoing shall not apply to:

- (a) presently existing security which may be used to secure other obligations,
- (b) security arising by operation of law,
- (c) security to finance the purchase price of assets,
- (d) security for tax and other governmental levies which may be paid after their due date without penalty;
- (e) repurchase agreements.

3. This Condition is no longer applicable, and intentionally left blank

## 4. INTEREST

### 4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

As used in these Terms and Conditions, **Fixed Interest Period** means the Period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period or if, in the case of Notes in definitive form, no applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**‘Day Count Fraction’** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if ‘Actual/Actual (ICMA)’ is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **‘Accrual Period’**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) if ‘30/360’ is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.
- (c) If ‘Actual/365 (Fixed)’ is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365.

In these Terms and Conditions:

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

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

## **4.2 Interest on Floating Rate Notes and Index Linked Interest Notes**

### **(a) Interest Payment Dates**

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

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

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

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

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, '**Business Day**' means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and in any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London or any Additional Business Centre) or (2) in relation to any sum payable in euro, a day on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the '**TARGET2 System**') is open.

(b) **Rate of Interest**

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

(i) ISDA Determination for Floating Rate Notes

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

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

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

(ii) Screen Rate Determination for Floating Rate Notes

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

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

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

The Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph (ii) in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such Minimum Rate of Interest and/or if it specifies a Maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and Calculation of Interest Amount**

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

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

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form

is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**‘Day Count Fraction’** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if ‘Actual/Actual(ISDA)’ or ‘Actual/Actual’ is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if ‘Actual/365 (Fixed)’ is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if ‘Actual/365 (Sterling)’ is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if ‘Actual/360’ is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if ‘30/360’, ‘360/360’ or ‘Bond Basis’ is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;



- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.]Notification of Rate of Interest and Interest Amount.

(e) **Notification of Rate of Interest and Interest Amounts**

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) following the commencement of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression '**London Business Day**' means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(f) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph 4.2 by the Agent or, if applicable, the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent, if applicable, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**4.3 Interest on Dual Currency Notes**

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

**4.4 Interest on Partly Paid Notes**

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

**4.5 Accrual of Interest**

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

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 or individually.

## **5. PAYMENTS**

### **5.1 Method of Payment**

Subject as provided below:

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

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

### **5.2 Presentation of Notes, Receipts and Coupons**

Other than in the case of definitive Notes in CF-form, payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph 5.1 above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (as defined below).

Payments of principal in respect of any definitive Notes in CF-form will be made in the manner provided in paragraph 5.1 above only against surrender of definitive Notes together with the Coupon sheet attached. Payments of interest in respect of any definitive Notes in CF-form will be made in conformity with the agreement concluded at such time between the Issuer and the 'Algemeen Obligatiekantoor van het Centrum voor Fondsenadministratie B.V.' (the '**Obligatiekantoor**') in Amsterdam, under which agreement the Issuer will accept the rules and regulations of the Obligatiekantoor.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph 5.1 above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph 5.1 above against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five years after the

date on which such principal first became due (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A **'Long Maturity Note'** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable, against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

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

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)) if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### **5.3 Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the applicable Final Terms), ‘**Payment Day**’ means any day which is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) the relevant place of presentation; and
  - (ii) any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and which, if the Specified Currency is Australian dollars, shall be Sydney), or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

### **5.4 Interpretation of Principal and Interest**

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

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Instalment Notes, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (g) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

## 6. REDEMPTION AND PURCHASE

### 6.1 At Maturity

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

### 6.2 Redemption for Tax Reasons

Unless this Condition is stated in the applicable Final Terms not to apply, Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes or Index Linked Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes or Index Linked Interest Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) if, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

Each Note redeemed pursuant to this Condition 6.2 will be redeemed at its Early Redemption Amount referred to in paragraph 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### 6.3 Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and
- (b) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(both of which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, both as indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ('**Redeemed Notes**') will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the '**Selection Date**'). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 5 days prior to the Selection Date.

#### 6.4 Redemption of Notes at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

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

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

#### 6.5 Early Redemption Amounts

For the purpose of paragraph 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable to a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (b) in the case of a Zero Coupon Note, at an amount (the '**Amortised Face Amount**') calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

‘RP’ means the Reference Price; and

‘AY’ means the Accrual Yield; and

‘y’ is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for Redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

- (c) in any other case, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at their nominal amount.

## **6.6 Instalments**

Instalment Notes will be repaid in the instalment amounts and on the instalment dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph 6.5 above.

## **6.7 Partly Paid Notes**

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

## **6.8 Purchases**

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

## **6.9 Cancellation**

All Notes which are redeemed will subject to paragraph 6.8 above forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph 6.8 above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be re-issued or resold.

## **6.10 Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph 6.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:



- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

## 7. TAXATION

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

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Receipts or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts or Coupons; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:
  - (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or
  - (ii) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
  - (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
  - (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive, including, but not limited to, any law or measure similar to the requirements set forth in the European Council Directive 2003/48/EC as adopted by Switzerland in relation with this Directive; or
  - (v) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by

presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the ‘**Relevant Date**’ means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

## 8. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of five years (in the case of both principal and interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

## 9. EVENTS OF DEFAULT

If any one or more of the following events (each an ‘**Event of Default**’) shall have occurred and be continuing:

- (a) default is made for more than 14 days in the payment of interest or principal in respect of the Notes; or
- (b) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (c) an encumbrancer takes possession of the whole or a major part of the assets of the Issuer, or a distress or execution or other process is levied or enforced upon or sued out against the whole or a major part of the assets of the Issuer or an executory attachment (*‘executoriaal beslag’*) is made on any major part of the Issuer’s assets or a conservatory attachment (*‘conservatoir beslag’*) is made thereof and in any of the foregoing cases it is not cancelled or withdrawn within 30 days; or
- (d) any order is made by any competent court or other authority or resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets or the Issuer enters into a composition with its creditors, files a petition for a suspension of payments, admits in writing that it cannot pay its debts generally as they become due, initiates a proceeding in bankruptcy, or is adjudicated bankrupt,

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 6.5), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

## 10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and

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

## **11. 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 Notes are listed on any stock exchange, or admitted to listing by any other relevant authority 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 or listing authority;
- (b) there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (c) there will at all times be an Agent; and
- (d) the Issuer will use reasonable efforts to appoint and maintain a Paying Agent with a specified office in a country in Europe which is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5.2. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

## **12. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date (on which the final Coupon comprised in the relative Coupon sheet matures).

## **13. NOTICES**

All notices regarding the Notes will be deemed to be validly given if published (i) in at least one daily newspaper of wide circulation in the Netherlands (which is expected to be '*Het Financieele Dagblad*'), (ii) if so specified in the applicable Final Terms, in a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times) and (iii) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the website of the Luxembourg Stock Exchange. The Issuer shall also ensure that notices are duly

published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Note(s) representing the Notes is or are held in its or their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) referred to above, the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Where the identity of all the holders of the Notes is known to the Issuer, the Issuer may (provided that, in the case of any publication required by a stock exchange or listing authority, that stock exchange or listing authority agrees) give notices individually to such holders in lieu of publication as provided above.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

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

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

- (a) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or

- (b) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the Netherlands.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

## **15. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **16. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the court ('*Rechtbank*') and its appellate courts at The Hague, the Netherlands. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons) may be brought in any other court of competent jurisdiction.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes (which include profit making).

## NEDERLANDSE WATERSCHAPSBANK N.V.

### Issuer Profile

#### Incorporation and Duration

The Issuer was incorporated under the laws of the Netherlands on 5 May 1954 and is a public limited company (*'naamloze vennootschap'*). Its legal and trade name is Nederlandse Waterschapsbank N.V. The duration of the Issuer is unlimited. It is registered in the Commercial Register of the Chamber of Commerce and Industries for Haaglanden under No. 27049562.

#### Shareholding

The shares in the capital of the Issuer are held by 26 water boards (*'waterschappen'*) (81 per cent.), 9 provinces (2 per cent.) and the State of the Netherlands (17 per cent.). The water boards, some of which date from the thirteenth century, are amongst the oldest public authorities in the Netherlands. Within their jurisdiction the water boards levy specific taxes on landowners and leaseholders. The Issuer has no subsidiaries.

The Articles of Association stipulate that only the State of the Netherlands and other public entities can be shareholder of the Issuer. The nature of control of the shareholders is reflected by the Articles of Association of the Issuer, in accordance with which every shareholder has certain voting rights in the general meeting of shareholders.

#### Registered Office

The Issuer's registered office is at Rooseveltplantsoen 3, 2517 KR The Hague, the Netherlands. The Issuer has no branch offices and its telephone number is +31 70 4166266.

#### Regulatory Status

The Issuer qualifies as a credit institution within the meaning of EU directive 2000/12/EC. The Issuer is authorised by DNB to pursue the business of a credit institution (*'kredietinstelling'*) in the Netherlands, in accordance with the Act on financial supervision (*'Wet op het financieel toezicht'*) and is consequently supervised by DNB. For the purpose of market conduct supervision, the Issuer is in addition supervised by the AFM. The Issuer also operates under the laws of the various jurisdictions in which it carries on business.

#### Purpose

As stated in its Articles of Association, the Issuer engages in lending activities including providing:

- loans to central or other public authorities including water boards; and
- loans to legal entities which are guaranteed and/or controlled by central or other public authorities (either fully or to a large extent, directly or indirectly, and by means of share-ownership or otherwise).

The Issuer's Articles of Association limit the lending activities of the Issuer to granting loans to water boards and other public entities and to any legal entity in which a public entity has a predominant interest.

The solvency of the Issuer is considered to be superior in view of the high quality of its debtors, its capital and reserves. As at 31st December, 2009, the Issuer's issued capital amounted to € 6.8 million nominal value, consisting of € 5.8 million A-shares (fully paid up) and € 3.9 million B-shares (26 per cent. paid up).

The Supervisory Board of the Issuer consists of seven members.

The Managing Board of the Issuer is appointed by the General Meeting of Shareholders based on the recommendations of the Supervisory Board.

At 31 December 2009, the Issuer had long-term loans outstanding amounting to € 40.2 billion. These loans were classified as follows:

(in millions of euros)	2009	2008
Water boards	4,195	4,006
Municipal authorities	6,645	6,623
Other public authorities	520	580
Housing corporations	24,070	20,112
Healthcare institutions	3,457	3,214
Under government guarantee	748	833
Joint schemes	297	278
Government-controlled public limited liability companies	162	126
Other	78	162
	<u>40,172</u>	<u>35,934</u>

Additionally, the Issuer provides the water boards with the entire range of banking services, including those in connection with their incoming and outgoing payments.

The funding of long-term loans is realised by borrowings on the public and private capital markets. The funding of short-term loans and overdraft facilities takes place by means of balances in current account, time deposits and money at call received from clients or through the money market.

### **Recent Developments**

The Issuer intends to pay out a dividend of EUR 40 million for 2009.

Any material press release, or any summary thereof, issued by the Issuer can be obtained from the website of the Issuer at <http://www.nwbbank.com>. Information on that website does not form part of this Base Prospectus and may not be relied upon in connection with any decision to invest in the Notes.

### **Outlook 2010**

The key question in 2010 and beyond will be whether the massive capital injections provided by governments that triggered the timid beginnings of an economic recovery in 2009 will result in growth that the private sector can increasingly sustain on its own. The answer to that question will be determinative of the pace at which, and the degree to which, confidence in the economy and the financial markets will return. It will, accordingly, have a major impact on trends in interest rates in the international money and capital markets.

Expectations are that, in the year ahead, total funding requirements in the capital market of local public authorities and social housing and healthcare institutions will be around that seen in 2009. The Issuer is therefore working on the assumption that its lending volumes will be equivalent to those in 2009. Barring new or unforeseen turbulence in the international money and capital markets, the Issuer expects interest income in 2010 to be more or less unchanged from 2009. Besides the interest result, fluctuations in the fair



value portfolio also affect the Issuer's profit. This chiefly concerns unrealised results on risk-free loans granted that the Issuer does not normally sell prematurely. Value fluctuations in this portfolio depend largely on interest rate trends and risk spreads on loans granted to the Dutch public sector. Against this background, the Issuer makes no statement as to the fair value result it expects for 2010.

### **Supervisory Board and Managing Board**

Supervisory memberships and additional positions are mentioned below insofar as these are held with listed companies and/or are deemed to be relevant to the performance of the tasks as a member of the Supervisory- or Managing Board.

#### **Supervisory Board**

R.G.C. van den Brink, Chairman:

Mr Van den Brink is Professor of Financial Institutions at the University of Amsterdam (UvA), Supervisory Director of Akzo Nobel N.V. and Supervisory Director of Legal & General Nederland N.V.

A.J.A.M. Segers, Deputy Chairman:

Mr Segers is former Water Reeve of Water Board De Dommel and Water Board De Aa and Supervisory Director of Waterleiding Maatschappij Brabant Water.

Prof. J.J.M. Jansen:

Mr Jansen is Member of the Council of State and Associate Professor Tax Law at the Erasmus University Rotterdam.

E.F. Bos:

Ms Bos is Member of the Executive Committee of PGGM N.V., Supervisory Director of Alpinvest Partners N.V., Supervisory Director of Amvest Vastgoed B.V., Supervisory Director of Prismant Holding B.V., Member of the Supervisory Committee of Isala Klinieken and Supervisory Director of Stichting Waarborgfonds Eigen Woningen.

V.I. Goedvolk:

Mr Goedvolk is former Board Member of Fortis ASR N.V., Supervisory Director of UCN N.V., Member of the Board of Urenco Ltd., Chairman of the Supervisory Committee of De Stroom Opmaat Groep, Supervisory Director of VVAA Groep B.V., Chairman of the Supervisory Board of Loyalis N.V. and Member of the Supervisory Committee of Waarborgfonds voor de Zorgsector.

B.J. Baron van Voorst tot Voorst:

Mr van Voorst tot Voorst is the former Queen's Commissioner of the Province of Limburg, Supervisory Director of NIBA Beheer N.V. and Supervisory Director of Huco Handel- en Scheepvaartmaatschappij N.V.

E.H. Baron van Tuyll van Serooskerken:

Mr Van Tuyll van Serooskerken is former Dyke Reeve of Water Board Rijnland, Supervisory Director of BTL Beheer B.V. and Member of of the Supervisory and Advisory Committee of Zorgbalans.

The present members of the Audit Committee of the Supervisory Board are as follows:

V.I. Goedvolk (chairman)

E.F. Bos

R.G.C. van den Brink

The Audit Committee meets at least four times a year to discuss, among other things, the monthly, half-year and annual results, the asset and liability management, interest rate risk management, the reports of the

external auditor and the Internal Audit Department, International Financial Reporting Standards, the amendment of the budget process and the outsourcing of funds transfers.

The present members of the Managing Board are as follows:

R.A. Walkier (chairman)

L.M.T. van Velden

The members of the Managing Board do not perform any principal activities outside the Issuer.

The business address of the Supervisory Board and the Managing Board is Rooseveltplantsoen 3, 2517 KR The Hague.

### **Potential conflicts of interest – Supervisory Board**

The Dutch corporate governance code, to which the Issuer voluntarily adheres, requires that any conflict of interest or apparent conflict of interest between a company and the Supervisory Board members shall be avoided. Decisions to enter into transactions involving conflicting interests of Supervisory Board members that are of material significance to the company and/or the relevant Supervisory Board members require the approval of the Supervisory Board.

The regulations of the Supervisory Board contain a provision that a Supervisory Board member who is confronted with a potential conflict of interest must report any such instance and provide the Supervisory Board with all the relevant information. It is stipulated that the Supervisory Board member in question will not take part in the deliberations or the decision-making regarding the matter. In case of a potential conflict of interest, the relevant transactions will be disclosed in the annual report.

There are no potential conflicts of interests between any duties to the Issuer of any of the Board of Supervisory Directors and their private interests and/or other duties.

### **Potential conflicts of interest - Managing Board**

The members of the Managing Board avoid any form and semblance of conflicting interests in the performance of their duties. The regulations of the Managing Board contain a provision that each member of the Managing Board who is confronted with a (potential) conflict of interest must report any such instance to the Supervisory Board and the other members of the Managing Board. A member of the Managing Board who is involved in a conflict of interest provides the chairman of the Supervisory Board and the other members of the Managing Board with all the relevant information. The question whether there is a case of conflict of interest or not will be decided by the Supervisory Board. The relevant member of the Managing Board will not take part in the deliberations or the decision-making regarding that matter if such member of the Management Board is found to be conflicted. In case of a conflict of interest the relevant transactions will be disclosed in the annual report.

There are no potential conflicts of interests between any duties to the Issuer of any of the Managing Board and their private interests and/or other duties.

## KEY DATA 2009-2008

The following financial information is derived from the annual statutory financial statements 2009 and 2008 of the Issuer. The 2009 and 2008 financial statements have been prepared in accordance with IFRS as adopted by the European Union. An independent auditor has issued an unqualified opinion regarding the financial statements for the years 2009 and 2008.

### BALANCE SHEET

as at 31 December 2009 before appropriation of profit

(in millions of euros)	2009	2008
<b>ASSETS</b>		
Cash	467	73
Financial assets stated at fair value through profit or loss	39,260	35,289
Available-for-sale financial assets	928	947
Derivative assets	2,642	2,666
Bank loans and receivables	2,647	2,332
Public sector loans and receivables	6,250	6,801
Income tax	26	15
Property and equipment	5	5
Intangible assets	1	2
Deferred tax assets	34	45
Other receivables	28	69
Accruals	134	152
<b>Total assets</b>	<b>52,422</b>	<b>48,396</b>
<b>EQUITY AND LIABILITIES</b>		
Banks	323	1,316
Financial liabilities stated at fair value through profit or loss	37,833	32,151
Derivative liabilities	4,950	5,603
Funds entrusted	2,308	1,537
Debt securities	5,755	6,452
Other liabilities	69	103
Accruals	136	187
	51,374	47,349
Paid-up share capital	7	7
Available-for-sale reserve	-29	-13
Other revaluation reserves	1	1
General reserve	1,012	1,043
Profit for the year	57	9
Equity	1,048	1,047
<b>Total equity and liabilities</b>	<b>52,422</b>	<b>48,396</b>
Irrevocable commitments	5,464	7,131
Contingent liabilities	185	206

**STATEMENT OF INCOME**  
**for the year ended 31 December 2009**

(in millions of euros)	<b>2009</b>	<b>2008</b>
Interest income	1,750	1,786
Interest expense	<u>1,658</u>	<u>1,658</u>
Interest	92	128
(Un)realised changes in fair value portfolio	<u>-2</u>	<u>-102</u>
<b>Total operating income</b>	<b>90</b>	<b>26</b>
Employee benefits expense	4	4
Other administrative expenses	5	5
Contribution to Stichting NWB Fonds	<u>4</u>	<u>4</u>
Employee benefits expense and other administrative expenses	13	13
Depreciation and amortisation	<u>1</u>	<u>1</u>
<b>Total operating expenses</b>	<b>14</b>	<b>14</b>
Profit before income tax	76	12
Income tax expense	<u>19</u>	<u>3</u>
<b>Profit for the year</b>	<b><u>57</u></b>	<b><u>9</u></b>

**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2009**

(in millions of euros)	<u>2009</u>	<u>2008</u>
Profit before income tax	76	12
<b>Adjusted for:</b>		
Income tax	-	-3
Depreciation and amortisation	1	1
Change in fair value of assets and liabilities	3	112
<b>Changes in:</b>		
Banks loans and receivables not available on demand	-1,288	361
Public sector loans and receivables	-4,075	-4,441
Funds entrusted	663	-113
Income tax paid	-14	-17
Other assets and liabilities	-146	190
<b>Net cash flows used in operating/ banking activities</b>	<u>-4,780</u>	<u>-3,898</u>
Additions to interest-bearing securities	-50	-830
Sales and redemptions of interest-bearing securities	362	346
Balance	312	-484
Additions to property and equipment	-1	-1
Disposals	-	-
Balance	<u>-1</u>	<u>-1</u>
Additions to intangible assets	-	-2
<b>Net cash flows used in investing activities</b>	<u>311</u>	<u>-487</u>
Issued bond loans, notes	7,631	7,305
Repayment of bond loans, notes	-5,077	-8,624
Issued CD/CP	25,868	15,538
Repayment of CD/CP	-23,519	-9,835
Balance	4,903	4,384
Dividend paid	-40	-40
<b>Net cash flows from financing activities</b>	<u>4,863</u>	<u>4,344</u>
<b>Cash flow</b>	<u>394</u>	<u>-41</u>

(in millions of euros)	<u>2009</u>	<u>2008</u>
Cash flow	394	-41
Cash and cash equivalents as at 1 January	<u>73</u>	<u>114</u>
Cash and cash equivalents as at 31 December	<u><u>467</u></u>	<u><u>73</u></u>
<b>Cash and cash equivalents comprise:</b>		
Banks, balances available on demand	-	-
Banks, cash and receivables	<u>467</u>	<u>73</u>
Cash and cash equivalents as at 31 December	<u><u>467</u></u>	<u><u>73</u></u>

The amount disclosed under “Change in fair value of assets and liabilities” is made up of changes in fair values of financial assets and liabilities, changes in value of derivatives, penalties paid and exchange differences.

In 2009, interest payments of € 1,656 million were made (2008: € 1,643 million) and interest income of € 1,763 million was received (2008: € 1,718 million).

## TAXATION IN THE NETHERLANDS

### General

*The following is a general summary of certain Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders should consult with their tax advisors with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.*

*Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, as in effect on the date hereof, and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.*

### Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as equity of the Issuer for Netherlands tax purposes.

Legislation stipulates that debt will be treated as equity, if the debt is created under such conditions that it in effect functions as equity. Pursuant to Dutch case law, debt will in any event function as equity if the debt (i) carries a profit dependent interest (ii) is perpetual (whereby debt with a maturity in excess of 50 years is considered to be perpetual) as such that the outstanding amount can only be claimed upon liquidation or bankruptcy of the debtor; and (iii) the debt is subordinated to all other debt. A consequence of equity treatment is withholding tax in respect of interest payments (please also refer to Condition 7 on page 65 of the Prospectus).

### Taxes on income and capital gains

Please note that the summary in this section does not describe the Netherlands tax consequences for: (a) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest or deemed substantial interest in the Issuer under The Netherlands Income Tax Act 2001 (in Dutch: "*Wet inkomstenbelasting 2001*"). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder, alone or, in case of individuals, together with his /her partner (as defined in The Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis; and (b) pension funds, investment institutions (in Dutch: "*fiscale beleggingsinstellingen*"), exempt investment institutions (in Dutch: "*vrijgestelde beleggingsinstellingen*") (as defined in The Netherlands Corporate Income Tax Act 1969; in Dutch: "*Wet op de Vennootschapsbelasting 1969*") and other entities that are exempt from Netherlands corporate income tax.

## **Residents of the Netherlands**

Generally speaking, if the holder of the Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 25.5% (a corporate income tax rate of 20% applies with respect to taxable profits up to € 200,000, the bracket for 2010).

If a holder of the Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

(i) the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise, without being a shareholder, as defined in The Netherlands Income Tax Act 2001; or

(ii) the holder of the Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (in Dutch: "*normaal, actief vermogensbeheer*") or derives benefits from the Notes that are (otherwise) taxable as benefits from other activities (in Dutch: "*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of the Notes, such holder will be taxed annually on a deemed income of 4% of his/her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the investment assets less the allowable liabilities at the end of that year. The Notes are included as investment assets. A tax free allowance may be available. An actual gain or loss in respect of the Notes is as such not subject to Netherlands income tax.

## **Non-residents of the Netherlands**

A holder of the Notes that is neither a resident nor deemed to be a resident of the Netherlands (and, if such holder is an individual, such holder has not made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands) will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realised on the disposal or deemed disposal of the Notes, provided that:

(i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Netherlands Income Tax Act 2001 and The Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and

(ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are (otherwise) taxable as benefits from other activities in the Netherlands.



## **Gift and inheritance taxes**

### Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his/her death.

### Non-residents of the Netherlands

No Netherlands gift, estate or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless the transfer is construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be a resident in the Netherlands

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

## **Value Added Tax (VAT)**

No Netherlands VAT will be payable by the holders of the Notes on any payment in consideration for the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

## **Other taxes and duties**

No Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by the holders of the Notes in respect or in connection with the issue of the Notes or with respect to the payment of interest or principal by the Issuer under the Notes.

## **European Union Directive On Taxation Of Savings Income**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information arrangements or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such person for, an individual resident in one of those territories.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated 18 May 2010 (as further amended and/or supplemented and/or restated from time to time, the '**Programme Agreement**') agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under '*Form of the Notes*' and '*Terms and Conditions of the Notes*' above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the redocumentation of the Programme and the issue of Notes under the Programme.

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

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a '**Relevant Member State**'), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the '**Relevant Implementation Date**') it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

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

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

For the purposes of this provision, the expression an '**offer of Notes to the public**' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression '**Prospectus Directive**'

means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes of any Series within the United States or to U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Notes (other than any Notes issued with an initial maturity of 365 days or less) 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 United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each issue of Index Linked Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree, as indicated in the applicable Final Terms.

### **United Kingdom**

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

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; "FIEL") and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, it will not offer or sell Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organised under the Laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws and regulations of Japan.

## The Netherlands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that Zero Coupon Notes in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series or Tranche are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. As used herein 'Zero Coupon Notes' are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## General

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with any other additional restrictions set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Notes under the Programme have been duly authorised by a resolution of the Board of Managing Directors of the Issuer (the '**Board**') dated 1 September 1995. An increase of the size of the Programme was duly authorised by a resolution of the Board dated 1 May 1997, and further increases in the size of the Programme were duly authorised by resolutions of the board on 30 March 1998, 1 May 2001, 21 October 2005, 7 November 2005 and 27 April 2010. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Notes.

### Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the issuer is aware, nor have there been any such proceedings during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

### Significant Change

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since 31 December 2009.

### Listing of Notes

Application has been made for the Notes to be issued under the Programme to be listed (i) on Euronext Amsterdam by NYSE Euronext and (ii) on the Luxembourg Stock Exchange.

### Auditors

The financial statements of the Issuer for the financial year 2008 and 2009 have been audited by KPMG Accountants N.V. KPMG Accountants N.V. is located at Fascinatio Boulevard 200, 3065 WB, Rotterdam, the Netherlands. The individual auditors of KPMG Accountants N.V. are members of the Royal NIVRA, the '*Nederlands Instituut voor registeraccountants*', the Dutch accountants board.

### Third-party Information

The only third-party information contained in this Base Prospectus are the auditors reports by KPMG Accountants N.V. for the financial years 2008 and 2009, which are incorporated by reference herein.

### Documents Available

Throughout the life of the Programme, copies of the following documents will, when published, be available, free of charge, at the registered office of the Issuer and at the specified office of the Agent:

- (a) an English translation of the Deed of Incorporation and the most recent Articles of Association of the Issuer;
- (b) the annual reports of the Issuer (containing the Issuer's audited accounts for the years ending 31 December 2007, 2008 and 2009) for the three most recent financial years and the most recently available published unaudited interim financial statements (if any) of the Issuer (in each case translated into English);

- (c) the Programme Agreement and the Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons);
- (d) a copy of this Base Prospectus; and
- (e) any future Base Prospectuses, offering circulars, supplementary listing particulars, information memoranda and supplements (including the Final Terms in respect of listed Notes) to this Base Prospectus and any other documents incorporated herein or therein by reference.

### **Clearing and Settlement Systems**

The Notes have been accepted for clearing through Euroclear, Clearstream, Luxembourg and the Clearnet S.A. Amsterdam Branch Stock Clearing. The appropriate common code, ISIN and security code for each Tranche allocated by Euroclear, Clearstream, Luxembourg and LCH.Clearnet Amsterdam, and any other relevant security code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in applicable Final Terms.

Euroclear's offices are situated at 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. Clearstream, Luxembourg's offices are situated at 42 Avenue J.F. Kennedy, 1855 Luxembourg. The address of LCH.Clearnet Amsterdam is Vijzelstraat 79, 1017 HG Amsterdam.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

## **REGISTERED OFFICE OF THE ISSUER**

Nederlandse Waterschapsbank N.V.  
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The Netherlands

### **AGENT**

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### **PAYING AGENTS**

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### **LEGAL ADVISERS**

*To the Issuer*  
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*To the Dealers in England and in the Netherlands*

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United Kingdom		The Netherlands

### **INDEPENDENT PUBLIC ACCOUNTANTS**

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### **AMSTERDAM LISTING AGENT**

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### **DEALERS**

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Citigroup Centre  
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