

27 July 2012

**Nederlandse Waterschapsbank N.V.**

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

**Issue of JPY 300,000,000 FX Linked Interest Notes due 2 August 2027  
under the €50,000,000,000  
Debt Issuance Program**

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 10 May 2012 which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the ‘**Prospectus Directive**’ which term includes Directive 2010/73/EU (the ‘**2010 PD Amending Directive**’)) to the extent implemented in a relevant member state of the European Economic Area in which the Notes are issued (each, a ‘**Relevant Member State**’)). 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. 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. The Base Prospectus 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 Citibank N.A., 14th floor, Citigroup Centre Canada Square, Canary Wharf, London E14 5LB, United Kingdom and, only with respect to Tranches of Notes which are solely offered and sold by the Issuer and/or the Dealers in bearer form or registered form outside the United States to non-U.S. persons in reliance on Regulation S, Banque Internationale à Luxembourg SA, 69, route d’Esch, 2953 Luxembourg, Grand Duchy of Luxembourg.

1. Issuer: Nederlandse Waterschapsbank N.V.
  
2. (a) Series Number: 1278  
(b) Tranche Number: 1
  
3. Specified Currency or Currencies: Japanese Yen (“**JPY**”)
  
4. Aggregate Principal amount:
  - Tranche: JPY 300,000,000
  - Series: JPY 300,000,000
  
5. (a) Issue Price of Tranche: 100 per cent. of the Aggregate Principal amount  
(b) Net proceeds: JPY 300,000,000
  
6. (a) Specified Denominations: JPY 100,000,000  
  
The Notes may not be subdivided or reissued in a smaller denomination

- (b) Calculation Amount: (Applicable to JPY 100,000,000 Notes in definitive form)
7. (a) Issue Date: 2 August 2012
- (b) Interest Commencement Date: 2 August 2012
8. Maturity Date: 2 August 2027, subject to adjustment for payment only in accordance with the Modified Following Business Day Convention
9. Interest Basis: Index Linked Interest  
*(further particulars specified below)*
10. Redemption/Payment Basis: Redemption at par
11. Change of Interest Basis or Redemption/Payment Basis: Not Applicable
12. Put/Call Options: Not Applicable
13. Status of the Notes: Senior
14. Listing and admission to trading:
- (a) Listing and admission to trading: Not Applicable
- (b) Estimate of total expenses related to admission to trading: Not Applicable
15. Offer solely outside the United States in Reliance on Regulations S: Applicable
- The Notes will be in bearer form and in substantially the form set forth in schedule 3 to the agency agreement entered into between the Issuer and the Non-U.S. Paying Agent dated 10 May 2012.
- Non-U.S. Paying Agent: Banque Internationale à Luxembourg SA.
16. Method of distribution: Non-syndicated

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

17. Fixed Rate Note Provisions: Not Applicable
18. Floating Rate Note Provisions: Not Applicable
19. Zero Coupon Note Provisions: Not Applicable

20. Index Linked Interest Note Provisions:

Applicable

(a) Index/Formula:

The Rate of Interest to calculate the amount of interest payable per Calculation Amount on each Specified Interest Payment Date (each such amount an “**FX Linked Interest Amount**”) will be determined in accordance with the following:

$$1.60\% \times \text{FXn} / 80.90$$

The Rate of Interest above shall result in giving an FX Linked Interest Amount per Calculation Amount calculated by the following:

$$\text{AUD } 9,888.75 \times \text{FXn}$$

The FX Linked Interest Amount per Calculation Amount will be payable in JPY and rounded to the nearest whole JPY, with one half of one JPY being rounded up.

“**FXn**” means the AUD/JPY foreign exchange mid-market spot rate expressed as a number of JPY per AUD determined by the Calculation Agent as the arithmetic mean of the bid and offer rate displayed on Reuters Screen “JPNU” page (or such other page as may replace such page on that service) as of 3:00 p.m. (Tokyo time) on the FX Determination Date.

“**FX Determination Date**” means 10 Sydney, TARGET, Tokyo and London Business Days prior to the relevant Specified Interest Payment Date.

For the avoidance of doubt, for purposes of determination of the FX Determination Date, the Specified Interest Payment Date will be adjusted in accordance with the Business Day Convention.

(b) Calculation Agent responsible for calculating the interest due:

Barclays Bank PLC (the “**Calculation Agent**”)

Any FXn determination made by the Calculation Agent will be consistent with the related swap determination for the swap entered into in relation to this issue.

- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Principal Paying Agent): Not Applicable
- (d) Determination Date(s): FX Determination Date (as defined above)
- (e) Provisions for determining Payment Dates: Not Applicable
- (f) Coupon where calculated by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: If no such rate appears on Reuters Screen "JPNU" page (or such other page as may replace such page on that service) as of 3:00 p.m. (Tokyo time) on any FX Determination Date, FXn will be determined by the Calculation Agent as follows:
- The Calculation Agent will request five leading reference banks (selected by the Calculation Agent at its sole discretion) in the Tokyo interbank market for their mid market quotations of the AUD/JPY spot exchange rate at approximately 3:00 p.m. (Tokyo time) on such date. The highest and the lowest of such quotations will be disregarded and the arithmetic mean of the remaining three quotations will be FXn.
- Provided that, if only four quotations are so provided, then FXn shall be the arithmetic mean of such quotations without regard to the highest and lowest values quoted. If fewer than four quotations but at least two quotations can be obtained then FXn shall be the arithmetic mean of the quotations actually obtained by the Calculation Agent.
- If only one quotation is available, in that event, the Calculation Agent may determine that such quotation shall be FXn, and if no such quotation is available or if the Calculation Agent determines in its sole discretion that no suitable reference bank who is prepared to quote is available, the Calculation Agent will determine FXn in its sole discretion, acting in good faith and in accordance with standard market practice.
- (g) Interest or calculation period(s): The period from and including 2 August 2012 to but excluding the first Specified Interest Payment Date and, thereafter, each period from (and including) a Specified Interest Payment Date to (but excluding) the next

	Specified Interest Payment Date and are subject to no adjustment.
(h) Specified Interest Payment Dates:	2 February and 2 August in each year from and including 2 February 2013 to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention.
(i) Business Day Convention:	Modified Following Business Day Convention
(j) Business Centre(s):	Tokyo, London, Sydney and TARGET
(k) Minimum Rate/Amount of Interest:	0.00 per cent per annum
(l) Maximum Rate/Amount of Interest:	Not Applicable
(m) Floating Day Count Fraction:	30/360 unadjusted
21. Dual Currency Note Provisions:	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

22. Issuer Call:	Not Applicable
23. Investor Put:	Not Applicable
24. Condition 6.2 (redemption for taxation reasons):	Applicable
25. Final Redemption Amount:	JPY 100,000,000 per Calculation Amount
26. 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):	JPY 100,000,000 per Calculation Amount

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

27. Form of Notes:	
(a) Form:	Temporary Bearer Global Note exchangeable 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership if Bearer Notes issued pursuant to the TEFRA D Rules, for interests in a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes only upon the occurrence of an Exchange Event
(b) New Global Note:	No

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| (c) New Safekeeping Structure:   | No                                     |
| (d) Form of Definitive Bearer Notes:   | Standard Euromarket                    |
| 28. Additional Financial Centre(s) or other special provisions relating to Payment Dates:  | Tokyo, London, Sydney and TARGET       |
| 29. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):   | No                                     |
| 30. 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                         |
| 31. Details relating to Installment Notes; amount of each installment, date on which each payment is to be made:   | Not Applicable                         |
| 32. Redenomination:  | Redenomination not applicable          |
| 33. 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(b) and Condition 6.2 apply |
| 34. Other terms or special conditions:   | Not Applicable                         |

#### **DISTRIBUTION**

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|---|-------------------------------------|
| 35. (a) If syndicated, names of Managers: | Not Applicable                      |
| (b) Date of Subscription Agreement:       | Not Applicable                      |
| (c) Stabilizing Manager(s) (if any):      | Not Applicable                      |
| 36. If non-syndicated, name of Dealer:    | SMBC Nikko Capital Markets Limited  |
| 37. Non-exempt Offer:                     | Not Applicable                      |
| 38. Eligibility                           | Reg S only                          |
| 39. U.S. Selling Restrictions:            | Reg. S Compliance Category; TEFRA D |
| 40. Additional Selling Restrictions:      | Not Applicable                      |

#### **OPERATIONAL INFORMATION**

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| 41. Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V./ and Clearstream | Not Applicable |
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- Banking, société anonyme and the relevant Identification numbers:
42. Delivery: Delivery against payment
43. Additional Paying Agent(s) (if any): Not Applicable
44. Offer Period: Not Applicable
45. Intended to be held in a manner which would allow Eurosystem eligibility: No
46. For the purpose of Condition 13, notices to be published in the Financial Times: No
- ISIN: XS0808769987
- Common Code: 080876998
- Any other relevant code: Not Applicable
47. Ratings: The Notes to be issued have not been rated but the Program is rated:
- S & P: AAA
- Moody's: Aaa
- Each of Standard and Poor's Credit Market Services Europe Limited ("S & P") and Moody's Investors Service Limited ("Moody's") is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended. As such, S & P and Moody's are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.
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.
49. Reasons for the offer, estimated net proceeds and total expenses:
- (a) Reasons for the offer: See 'Use of Proceeds' in Base Prospectus
- (b) Estimated net proceeds: JPY 300,000,000
- (c) Estimated total expenses: Not Applicable

50. Indication of yield (Fixed Rate Notes only): Not Applicable
51. Historic Interest Rates (*Floating Rate Notes only*)  
Not Applicable
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*)  
Not Applicable
53. Performance of rates of exchange and explanation of effect on value of investment (*Dual Currency Notes only*)  
Not Applicable
54. Additional U.S. Federal Income Tax consequences:  
Not Applicable

#### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue of the Notes described herein pursuant to the €50,000,000,000 Debt Issuance Program 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.

Signed on behalf of the Issuer:

By:



**Lidwin van Velden**  
*Member of the Managing Board*