

PROSPECTUS



**NIBC Bank N.V.**

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

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*Euro Fixed/Floating Rate Perpetual Debt Securities*  
*Issue price: 100 per cent.*

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*Unless expressly indicated otherwise, the terms and expressions used herein have the same meaning as given to them in the Terms and Conditions.*

*The Euro Fixed/Floating Rate Perpetual Debt Securities (the Securities) of NIBC Bank N.V. (the Bank or the Issuer) are perpetual securities and have no fixed redemption date. However, the Securities may be redeemed in whole but not in part at the option of the Issuer, and subject to the prior approval of De Nederlandsche Bank, at their principal amount together with all Deferred Coupons, if any, and accrued interest on the First Call Date (as defined herein) or on any Interest Payment Date thereafter (as specified in the Final Terms (as defined below)). Prior redemption in case of tax or regulatory events may apply, subject to Condition 8.*

*The Securities will bear a fixed rate of interest on their outstanding principal amount from (and including) the Issue Date to but excluding the fourth anniversary of the Issue Date and thereafter a floating rate of interest at the Rate of Interest as specified in the Final Terms. Payments of interest may be deferred, as more fully described in Condition 4, but any Deferred Coupons will immediately become due in certain events, including if the Issuer (i) makes payments on its Junior Securities, Parity Securities, Junior Guarantees or Parity Guarantees; or (ii) purchases or redeems its Junior Securities, Parity Securities or any security benefiting from a Junior Guarantee or Parity Guarantee. Investors will receive cash only but the moneys to satisfy such Deferred Coupons may only be raised by the issue of the Bank's Payment Preference Shares, which, when sold, will provide cash applied for the amount due in respect of Deferred Coupons. Upon the occurrence of a Supervisory Event, the Issuer will arrange for each Security to be substituted for a Substituted Preference Share of the Bank, as described in Condition 6.*

*The Securities constitute direct, unsecured and subordinated obligations of the Issuer as described in Condition 2.*

*Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the FSMA), (the UK Listing Authority) for the Securities to be admitted to the official list of the UK Listing Authority (the Official List) and to the London Stock Exchange plc (the London Stock Exchange) for such Securities to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market. References in this Prospectus to Securities being listed (and all related references) shall mean that such Securities have been admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market and have been admitted to the Official List or any other stock exchange and/or regulated market in the European Economic Area. The London Stock Exchange's Gilt Edged and Fixed Interest Market is a regulated market for the purposes of Directive 93/22/EEC (the Investment Services Directive).*

*This document has been approved by the UK Listing Authority as a base prospectus within the meaning of Directive 03/71/EC (the Prospectus Directive). Certain information will be contained in a final terms documents (the Final Terms), see "Summary- Final Terms" and "Form of Final Terms" for details of such information.*

*The Securities shall have a denomination of €1,000 each. The Securities will initially be represented by a temporary global Security (the Temporary Global Security), without interest coupons (Coupons), to be deposited with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (Euroclear), and Clearstream Banking, société anonyme (Clearstream, Luxembourg) on the Issue Date (as specified in the Final Terms). The Temporary Global Security will be exchangeable for interests in a permanent global Security (the Permanent Global Security), without Coupons, from the date which falls forty days after the Issue Date and upon certification of non-U.S. beneficial ownership. The Permanent Global Security will be exchangeable for definitive Securities in bearer form, with Coupons attached, only in certain limited circumstances as described in 'Summary of Provisions Relating to the Securities While Represented by the Global Securities'.*

**MORGAN STANLEY**

*The date of this Prospectus is 14th March, 2006*

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

**The Issuer has confirmed to the managers (the Managers) named under "Subscription and Sale" that this Prospectus is true and accurate in all material respects and is not misleading; that there are no other facts in relation to the information contained or incorporated by reference herein the omission of which would, in the context of the issue of the Securities, make any statement herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.**

**This document should be read and construed with any supplement thereto and with any other documents incorporated by reference.**

**The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Securities other than as contained or incorporated by reference in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Managers or any of them.**

**No representation or warranty is made or implied by the Managers or any of their respective affiliates, and neither the Managers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained herein.**

**Neither the delivery of this Prospectus nor the offering, sale or delivery of any Security shall, in any circumstances, create any implication that there has been no adverse change in the financial situation of the Issuer since the date hereof.**

**The distribution of this Prospectus and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of this Prospectus and other offering material relating to the Securities see "Subscription and Sale". In particular, the Securities have not been and will not be registered under the United States Securities Act of 1933 (as amended) and are subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to U.S. persons.**

**This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Securities and should not be considered as a recommendation by the Issuer, the Managers or any of them that any recipient of this Prospectus should subscribe for or purchase any Securities. Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.**

**All references in this Prospectus to EUR or euro are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the treaty establishing the European Community, as amended.**

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (1) the audited financial statements of the Issuer in respect of the financial years ended 31st December, 2003 and 2004;
- (2) the unaudited financial statements of the Issuer in respect of the financial year ended 31st December 2005; and
- (3) the Bank's articles of association.

The Issuer and the Paying Agents (at their specified offices) will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of any such person, a copy of any or all of the documents incorporated herein by reference. Written or telephone requests for such documents should be directed to the Issuer, the specified office of any Paying Agent or the specified office of the Listing Agent in Amsterdam set out at the end of this Prospectus.

**IN CONNECTION WITH THE ISSUE OF SECURITIES, MORGAN STANLEY & CO. INTERNATIONAL LIMITED IN ITS CAPACITY AS STABILISING MANAGER (OR ANY AGENT OF MORGAN STANLEY & CO. INTERNATIONAL LIMITED) MAY OVER-ALLOT (PROVIDED THAT THE AGGREGATE PRINCIPAL AMOUNT OF SECURITIES ALLOTTED DOES NOT EXCEED 105 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT OF THE SECURITIES) OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE 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 SECURITIES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NOT LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES.**

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## SUMMARY OF THE SECURITIES

This summary must be read as an introduction to this Prospectus and any decision to invest in any Securities should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary (including any translation hereof required by the competent authority of any Member State where an offer to the public of the Securities may be made) unless it is misleading, inaccurate or inconsistent when read together with other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Areas, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

*The following summary refers to certain provisions of the Terms and Conditions of the Securities. Any defined terms used in this summary have the meanings given to them in the Conditions of the Securities.*

The Issuer .....	NIBC Bank N.V., a bank incorporated as a public limited liability company incorporated on 31 <sup>st</sup> October, 1945 whose statutory seat is in The Hague, The Netherlands and is registered at the Chamber of Commerce of The Hague under number 27032036, and whose registered address is Carnegiëplein 4, 2517 KJ, The Hague, The Netherlands.
Trustee.....	The Law Debenture Trust Corporation p.l.c.
Redemption .....	The Securities are perpetual securities and have no maturity date. The Securities are redeemable in whole but not in part at the option of the Issuer, and subject to the prior approval of De Nederlandsche Bank N.V. (the DNB), at their principal amount together with all Deferred Coupons, if any, and interest accrued to but excluding the date of redemption on the fifth anniversary of the Issue Date (the <b>First Call Date</b> ) or any Interest Payment Date thereafter.
Interest.....	<p>The Securities will pay interest at a fixed rate of interest up to but excluding the fourth anniversary of the Issue Date and thereafter at a floating rate at the Rate of Interest (as defined in the Final Terms). Interest payable on each Interest Payment Date to and including the fourth anniversary of the Issue Date will be calculated on an actual/actual (following, unadjusted) basis and thereafter will be calculated on an actual/360 (modified following, adjusted) basis, and will accrue from and including the immediately preceding Interest Payment Date (or the Issue Date with respect to the interest payable on the first anniversary of the Issue Date) to but excluding the next relevant Interest Payment Date (each such period, an <b>Interest Period</b>).</p> <p>The Issuer will be required to pay interest (a <b>Mandatory Payment Event</b>) on the Securities in full:</p> <ul style="list-style-type: none"><li>(i) for the Interest Period with a related Interest Payment Date that occurs on or immediately following the date of the Issuer's approved annual accounts, if those accounts reflect that the Issuer has earned Distributable Profits (as defined below) for the preceding financial year;</li><li>(ii) if the Issuer declares, pays or distributes a dividend or makes a payment (other than a dividend in the form of Ordinary Shares) on any of the Issuer's Junior Securities or Parity Securities or makes a payment on a Junior Guarantee or Parity Guarantee;</li><li>(iii) if any of the Issuer's undertakings declares, pays or distributes a dividend on any security or other instrument issued by it benefiting</li></ul>

from a Junior Guarantee or Parity Guarantee or makes a payment (other than a dividend in the form of ordinary shares) on any security or other instrument issued by it benefiting from a Junior Guarantee or Parity Guarantee;

- (iv) (with limited exceptions), if the Issuer or any of its undertakings redeems, purchases or otherwise acquires for any consideration any of the Issuer's Junior Securities, any Parity Securities or any securities or other instruments issued by any of the Issuer's undertakings benefiting from a Junior Guarantee or Parity Guarantee.

In addition, if any of the events in (i) to (iv) above occur, Deferred Coupons will become mandatorily due and payable from the date of such occurrence.

**Distributable Profits** for any particular year means the reported net profit for the Issuer, determined in each case after tax and extraordinary items for such year, as derived from the audited consolidated profit and loss account of NIBC Bank N.V. as established by the general meeting of Shareholders of NIBC Bank N.V. in accordance with its articles of association.

Optional deferral of interest.....

The Issuer may at its option defer an interest payment if, since the last Interest Payment Date on which interest was paid (or, in the case of the first Interest Payment Date, the Issue Date) no Mandatory Payment Event has occurred on or before the 20th Business Day preceding the relevant Interest Payment Date on which such interest payment, in the absence of deferral, would be due and payable.

Payments that are not made will be treated as **Deferred Coupons**.

Interest Payment Dates .....

Subject as described below, Coupons will be payable on each Interest Payment Date (as defined in the Final Terms) annually in arrear.

Subordination .....

The rights and claims of the investors in Securities are subordinated to all obligations of the Issuer including tier 2 instruments. Upon any winding-up or liquidation of the Issuer, the holder of each Security will effectively from a financial point of view rank *pari passu* with the holders of the most senior class or classes of preference shares (if any) or other hybrid tier 1 securities, issued directly or indirectly, or guarantees ranking effectively from a financial point of view *pari passu* with such preference shares (if any) or other hybrid tier 1 securities of the Issuer then in issue (collectively such preference shares and guarantees will be **Parity Securities**) and in priority to all other shareholders of the Issuer.

So long as any of the Securities remains outstanding, the Issuer will not issue any preference shares (or securities akin to preference shares as regards distributions or return of assets upon liquidation) or give any guarantee or contractual support arrangement in respect of any of the Issuer's preference shares or such other securities or in respect of any other subsidiary if such preference shares, preferred securities, guarantees or contractual support arrangements would rank (as regards distributions or return of assets upon liquidation) senior to the Securities, unless the Issuer alters the terms of the Securities such that the Securities rank *pari passu* effectively from a financial point of view with any such preference shares, such other similar securities or such guarantee or support undertaking.

Alternative Coupon Satisfaction  
Mechanism .....

The Issuer must satisfy its obligations to pay any Deferred Coupons only by issuing a sufficient value of preference shares such that when such preference shares are sold, such sale will provide enough cash to enable the Issuer to make full payments to investors in the Securities in respect of the relevant payment. The Shareholders of the Issuer will have a right of first refusal regarding the preference shares issued under the Alternative Coupon Satisfaction Mechanism.

The shareholders of the Issuer have authorized the issuance of sufficient preference shares to enable the Issuer to meet its obligations for one year's Coupons in accordance with the Alternative Coupon Satisfaction Mechanism. In the event that further preference shares are required, the Issuer will seek authorisation for further issues from its shareholders.

Dividend Stopper..... The Issuer will agree in the Trust Deed that, as long as Deferred Coupons are outstanding, the Issuer will not recommend to its shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Mandatory Payment Event (other than a Mandatory Payment Event arising out of the existence of Distributable Profits).

Supervisory Event ..... Upon the occurrence of a Supervisory Event, the Securities will be automatically converted in whole and not in part to perpetual preference shares of the Issuer (**Converted Preference Shares**). A **Supervisory Event** occurs when the amount of capital of the Issuer on a consolidated basis declines below the minimum percentage stipulated by the DNB from time to time in accordance with the Basle Accord in its general guidelines (currently, total capital ratio of 8% on a consolidated basis).

Converted Preference Shares ..... The Converted Preference Shares will be preference shares directly issued by the Issuer to investors in Securities in exchange for their Securities following a Supervisory Event. The liquidation preference of the Converted Preference Shares so issued will equal the principal amount of the Securities together with Deferred Coupons and all other amounts outstanding thereon (including Additional Amounts, if any).

The Issuer will take all reasonable steps to ensure that it will have a sufficient number of authorised but unissued Converted Preference Shares to permit the substitution of all outstanding Securities.

Additional Amounts ..... The Issuer will pay additional amounts (**Additional Amounts**) to investors in Securities to gross up Coupon payments upon the imposition of Dutch withholding tax, subject to customary exceptions.

Tax/Regulatory Redemption..... **Tax:** Upon the occurrence of certain changes in the treatment of the Securities for taxation purposes (loss of deductibility or payments subject to withholding tax), the Issuer may, subject to the prior consent of the DNB, redeem all, but not some only, of the Securities on the next Interest Payment Date at the principal amount per Security together with Deferred Coupons and all other amounts outstanding thereon.

**Regulatory:** The Securities will constitute Tier 1 Capital for the purposes of the DNB's capital adequacy regulation of the Issuer. If at any time, the DNB gives notice to the Issuer to the effect that the Securities may not be included in the consolidated Tier 1 Capital of the Issuer, other than through exceeding Tier 1 limits, the Issuer may, redeem the Securities at the early redemption date for the principal amount per Security together with Deferred Coupons and all other amounts outstanding.

Governing Law..... The Securities will be governed by English law, save that the subordination provisions will be governed by the laws of The Netherlands.

Final Terms..... The following information will be contained in the Final Terms:

- Interest Payment Dates;
- Rate of Interest;
- Floating Rate Cap;
- Issue Date;

- First Call Date;
- aggregate nominal amount;
- net proceeds;
- ratings;
- Managers;
- date(s) of Authorisation for issuance of Securities;
- yield;
- denomination;
- ISIN; and
- common code.

## **RISK FACTORS**

*An investment in the Securities involves certain risks. You should carefully consider the following factors in addition to the other information included in this Prospectus before deciding to purchase any Securities. There may be additional risks and uncertainties that are not presently known to the Bank, or that the Bank currently does not deem relevant. The following factors are not meant to be an exhaustive listing of all risks associated with the purchase of the Securities.*

### **RISK FACTORS RELATING TO THE ISSUER**

#### **The Issuer's results can be adversely affected by general economic conditions and other business conditions**

The Issuer's results are affected by general economic and other business conditions. These conditions include changing economic cycles that affect demand for investment and banking products. Such cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence, industrial output, labour or social unrest and political uncertainty.

The Issuer's investment banking, securities trading and asset management and private banking services, as well as our investments in, and sales or products linked to, financial assets, particularly equity securities performance, continued to be adversely impacted in 2006 by the weaker financial markets. A protracted decline or further steep declines in the stock or bond markets would further adversely affect these activities and investments.

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

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

#### **Regulatory changes could adversely affect the Issuer's business**

The Issuer is subject to banking and financial services laws and government regulation in each of the jurisdictions in which it conducts business. Regulatory agencies have broad administrative power over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, and marketing and selling practices. Banking and financial services laws, regulations and policies currently governing the Issuer and its subsidiaries business. Furthermore, the Issuer cannot predict the timing or form of any future regulatory initiatives. Changes in existing banking and financial services laws and regulations may materially affect the way in which the Issuer conducts its business, the products or services the Issuer may offer and the value of its assets.

#### **There is operational risk associated with the Issuer's industry which, when realised, may have an adverse impact on its results**

The Issuer, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees or outsiders, unauthorised transactions by employees or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Given the high volume of transactions at the Issuer certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, the Issuer's dependence upon automated systems to record and process its transactions volume may further increase the risk that technical system flaws of employee tampering or manipulation of those systems will result in losses that are difficult to detect. Although the Issuer maintains a system of controls designed to keep operational risk at appropriate levels the Issuer has suffered losses from operational risk and there can be no assurance that it will not suffer losses from operational risks in the future.

### **RISK FACTORS RELATING TO THE SECURITIES**

#### **The Bank may defer payments on the Securities for any period of time.**

Unless a Mandatory Payment Event occurs, the Bank may elect to defer payments on the Securities for any period of time, subject to the suspension of payments on the Bank's Junior Securities, Parity Securities, Junior Guarantees or Parity Guarantees. Any such deferred payments will not accrue interest unless and until they become due and payable under the Trust Deed and the Securities and are not paid. See "Conditions of the Securities – Condition 4 (*Optional Deferral of Interest*)".

**The Securities are perpetual securities, and investors will have no right to call for their redemption.**

The Securities are perpetual securities and have no fixed maturity date or redemption date. The Bank is under no obligation to redeem the Securities at any time and investors will have no right to call for their redemption.

**The Bank may redeem the Securities at any time if certain adverse tax or regulatory events occur. The Bank may also redeem the Securities at its option on the fifth anniversary of the Issue Date (as specified in the Final Terms) or on any Interest Payment Date thereafter.**

Any redemption of the Securities will be subject to the conditions described under “Conditions of the Securities – Condition 8 (*Redemption and Purchase*)”.

**The Bank is not prohibited from issuing further debt, which may rank *pari passu* with or senior to the Securities or further preference shares which may effectively rank *pari passu* with the Securities.**

Subject only to the conditions described in “Conditions of the Securities – Condition 2 (*Status and Subordination*)” there is no restriction on the amount of debt that the Bank may issue, which ranks senior to the Securities or on the amount of securities (including preference shares) that the Bank may issue, which ranks *pari passu* with the Securities. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Bank's bankruptcy or may increase the likelihood of a deferral of payments on the Securities. Any preference shares issued pursuant to the Alternative Coupon Satisfaction Mechanism will effectively rank *pari passu* with the Securities.

**The Bank may defer payments that it is required to make pursuant to the Alternative Coupon Satisfaction Mechanism should the Bank fail to have a sufficient number of preference shares available for issue.**

If the Bank is to make a payment using the Alternative Coupon Satisfaction Mechanism and the Bank has an insufficient number of preference shares available for issue, then the Bank's payment obligation will be suspended to the extent of such insufficiency until such time as sufficient preference shares are available to satisfy all or part of the suspended payment obligation, as more fully described under “Conditions of the Securities – Condition 5.2 (*Alternative Coupon Satisfaction Mechanism – Insufficiency of Payment Preference Shares*)”.

**There are limitations on the remedies available to investors and the Trustee should the Bank fail to pay amounts due on the Securities.**

If an Event of Default occurs and is continuing regarding the Securities, the Trustee may institute bankruptcy proceedings against the Bank in The Netherlands, but not elsewhere. The Trustee may not, however, declare the principal amount of any outstanding Security to be due and payable or pursue any other legal remedy, including commencing a judicial proceeding for the collection of sums due and unpaid. Although there is some doubt under Dutch law whether the Trustee would be permitted to commence a bankruptcy proceeding in The Netherlands, if for any reason the Trustee is unwilling or unable to do so, any holder of the Securities with a due and payable claim will be permitted to commence such proceedings in accordance with Dutch bankruptcy law and the Trust Deed. See “Conditions of the Securities – Condition 11 (*Events of Default*)”.

**Investors will be deemed to have waived all rights of set-off.**

Subject to applicable law, investors may not exercise or claim any right of set-off in respect of any amount the Bank owes the investors arising under or in connection the Securities and investors will be deemed to have waived all such rights of set-off. See “Conditions of the Securities – Condition 2.4 (*Status and Subordination – No set off*)”.

**If certain supervisory events occur, the Securities will be substituted into a preference share without the consent of holders which could have adverse consequences for holders.**

Upon the occurrence of a Supervisory Event, the Issuer will arrange for each Security to be substituted for a Substituted Preference Share of the Bank. See “Conditions of the Securities – Condition 6 (*Supervisory Event*)”.

**Distributions on Substituted Preference Shares are not cumulative. Investors will not be entitled to recover missed Distributions.**

Distributions on the Substituted Preference Shares are not cumulative. Distributions on the Substituted Preference Shares are only payable with respect to any distribution period if, for the corresponding distribution period, distributions on the Substituted Preference Shares are declared and authorised to be paid by the general meeting of the Bank. Consequently, if, for any reason, distributions on the Substituted Preference Shares are not declared for any distribution period, the holders of Substituted Preference Shares will not be entitled to recover such distributions, whether or not funds are or subsequently become available, or distributions of the Substituted Preference Shares are declared for any

future distribution period. Under its articles of association, the Issuer can only pay dividends on its ordinary shares in respect of any year if Distributions in respect of that year have been paid in full on the Substituted Preference Shares.

**The Securities and the Substituted Preference Shares, if issued, are a new issue of securities, and there is no assurance that a trading market will exist or that it will be liquid.**

The Securities and the Substituted Preference Shares, if issued, are a new issue of securities and have no established trading market. There can be no assurance that an active trading market will develop. Even if an active trading market does develop, no one, including the Manager, is required to maintain its liquidity. The liquidity and the market prices for the Securities and the Substituted Preference Shares, if issued, can be expected to vary with changes in market and economic conditions, the Bank's financial condition and prospects and other factors that generally influence the market prices of securities.

## CONDITIONS OF THE SECURITIES

*Other than the paragraphs in italics, the following is the text of the Conditions of the Securities which (subject to modification) will be endorsed on each Security in definitive form (if issued). The applicable Final Terms in relation to any tranche of the Securities 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 Securities. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Security and definitive Security.*

The Euro Fixed/Floating Rate Perpetual Debt Securities (the **Securities**, which expression shall in these Conditions, unless the context otherwise requires, include any further Securities issued pursuant to Condition 17 and forming a single series with the Securities) of NIBC Bank N.V. (the **Bank**) are constituted by a Trust Deed to be dated the Issue Date (as specified in the Final Terms) (the **Trust Deed**) made between the Bank and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Securities (the **Securityholders**) and the holders of the interest coupons appertaining to the Securities (the **Couponholders** and the **Coupons** respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the **Talons**) and the holders of the Talons).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement to be dated the Issue Date (the **Agency Agreement**) made between the Bank, the Agent Bank (as defined below), Citibank, N.A., London office as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor thereto), the initial Paying Agents and any successor thereto (together with the Principal Paying Agent, the **Paying Agents**) and the Trustee are available for inspection during normal business hours by the Securityholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Securities at Fifth Floor, 100 Wood Street, London, EC2V 7EX and at the specified office of each of the Paying Agents. The Securityholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

Condition 20 sets out defined terms used in these Conditions.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 *Form and Denomination*

The Securities are in bearer form, serially numbered, in the denomination of €1,000 each with Coupons and one Talon attached on issue.

#### 1.2 *Title*

Title to the Securities and to the Coupons will pass by delivery.

#### 1.3 *Holder Absolute Owner*

The Bank, any Paying Agent and the Trustee (to the fullest extent permitted by applicable laws) may deem and treat the bearer of any Security or Coupon as the absolute owner for all purposes (whether or not the Security or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Security or Coupon or any notice of previous loss or theft of the Security or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

### 2. STATUS AND SUBORDINATION

#### 2.1 *Status*

Subject to applicable law, the Securities constitute direct, unsecured and subordinated obligations of the Bank and rank *pari passu* without any preference among themselves.

#### 2.2 *Subordination*

Upon the Bank's liquidation, moratorium of payments, bankruptcy or emergency measure (*noodregeling*) being declared, the rights and claims of holders of the Securities will rank, effectively from a financial point of view, in priority to all holders of Junior Securities and Junior Guarantees, in each case in accordance with and by virtue of the subordination provisions thereof, and equally with the holders of the Bank's existing preference

shares and any other Parity Securities and Parity Guarantees then outstanding. Upon the Bank's liquidation, moratorium of payments or bankruptcy or emergency measure (*noodregeling*) being declared the rights and claims of the holders of the Securities are and shall be subordinated to the rights and claims of the holders of all Senior Debt of the Bank and accordingly any payments on the Securities will be subordinate to, and subject in right of payment to the prior payment in full of, all Senior Debt.

Unless all principal of, and any premium or interest on, Senior Debt has been paid in full, no payment or other distribution may be made in respect of the Securities in the following circumstances:

- (i) in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganisation, assignment for creditors or other similar proceedings or events involving the Bank or assets of the Bank; or
- (ii) (a) in the event and during the continuation of any default in the payment of principal, premium or interest on any Senior Debt beyond any applicable grace period or (b) in the event that any event of default with respect to any Senior Debt has occurred and is continuing beyond any applicable grace period, permitting the holders of that Senior Debt (or a trustee) to accelerate the maturity of that Senior Debt, whether or not the maturity is in fact accelerated (unless, in the case of (a) or (b), the payment default or event of default has been cured or waived or ceased to exist and any related acceleration has been rescinded) or (c) in the event that any judicial proceeding is pending with respect to a payment default or event of default described in (a) or (b).

### 2.3 *No senior tier 1 securities*

So long as any of the Securities remains outstanding, the Bank will not issue any preference shares (or other securities or instruments which are akin to preference shares as regards distributions or on a return of assets upon liquidation of the Bank or in respect of distribution or payment of dividends and/or any other amounts thereunder by the Bank) or give any guarantee or contractual support arrangement in respect of any of the Bank's preference shares or such other securities or instruments or in respect of any other Subsidiary (as defined in the Trust Deed) if such preference shares, preferred securities, guarantees or contractual support arrangements would rank (as regards distributions on a return of assets upon liquidation of the Bank or in respect of distribution or payment of dividends and/or any other amounts thereunder by the Bank) senior to the Securities, unless the Bank alters the terms of the Securities such that the Securities rank *pari passu* effectively from a financial point of view with any such preference shares, such other securities or instruments akin to preference shares or such guarantee or support undertaking.

### 2.4 *No set off*

By acceptance of the Securities, each Securityholder will be deemed to have waived any right of set-off or counterclaim that such holders might otherwise have against the Bank whether prior to or in bankruptcy or winding-up.

Notwithstanding the preceding sentence, if any of the rights and claims of any Securityholder are discharged by set-off, such discharge shall be deemed null and void and such holder will immediately pay an amount equal to the amount of such discharge to the Bank, if applicable, the liquidator or trustee or receiver of the Bank and, until such time as payment is made, will hold a sum equal to such amount on trust for the Bank, if applicable, the liquidator or the trustee or the receiver in the Bank's winding-up. Accordingly, such discharge will be deemed not to have taken place.

## 3. **INTEREST**

### 3.1 *Interest Payment Dates*

The Securities bear interest on their outstanding principal amount from and including the Issue Date, and unless the Bank elects to defer payment under Condition 4, or, regardless of whether or not the Bank has so elected to defer payment, upon the occurrence of a Mandatory Payment Event, interest will be payable on each Interest Payment Date as specified in the Final Terms (each an **Interest Payment Date**). If any Interest Payment Date from and including the Interest Payment Date falling on the fifth anniversary of the Issue Date would otherwise fall in a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall on the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The period from and including the Issue Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date is called an **Interest Period**. Interest shall be calculated on the basis of the number of days in the period from and including the most recent

Interest Payment Date (or, if none, the Issue Date) to but excluding the relevant payment date (such number of days being calculated on the basis of twelve 30 day months) divided by 360.

### 3.2 *Interest Accrual*

Each Security will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Security is improperly withheld or refused or unless default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

### 3.3 *Rate of Interest*

The rate of interest payable from time to time in respect of the Securities (the **Rate of Interest**) will be as specified in the Final Terms. In respect of each Interest Period from and including the fourth anniversary of the Issue Date, the Rate of Interest payable from time to time in respect of the Securities will be determined on the basis of the following provisions:

- (a) On each Interest Determination Date (as defined below), Citibank, N.A., London office or its duly appointed successor (in such capacity, the **Agent Bank**) will determine the Reference Rate (as defined below) at approximately 11.00 a.m. (Brussels time) on that Interest Determination Date. If the Reference Rate is unavailable, the rate for that date will be determined as if "EUR-Annual Swap Rate-Reference Banks" had been specified as the applicable Reference Rate. "EUR-Annual Swap Rate-Reference Banks" means that the rate will be a percentage determined on the basis of the mid-market annual swap rate quotations provided by the Reference Banks (as defined below) at approximately 11:00 a.m. (London Time) on the relevant Interest Determination Date. For this purpose, the mid-market annual swap rate means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a 10 year maturity commencing on the first day of that Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on a 30/360 day count basis is equivalent to in the case of "EUR-ISDA-EURIBOR Swap Rate - 11.00", "EUR-EURIBOR-Telerate", with a maturity of six months. The Agent Bank will request the principal Euro-zone office of each of the Reference Banks to provide the Agent Bank with a quotation.
- (b) The Rate of Interest for the Interest Period shall, subject as provided below, be the Reference Rate plus the Margin (as defined below) or, if the Reference Rate is unavailable, and at least three of the Reference Banks provide such rates, the arithmetic mean of the quotations (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards), eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest), as established by the Agent Bank of such rates, plus the Margin.
- (c) If fewer than three rates are provided as requested, the Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by leading swap dealers in the Euro-zone, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of such Interest Period for the mid-market annual swap rate (as defined in paragraph (a) above), plus the Margin. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that preceding Interest Period).
- (d) The Margin (the **Margin**) in relation to the period from and including the fourth anniversary of the Issue Date is as specified in the Final Terms.
- (e) In these Conditions (except where otherwise defined), the expression:
  - (i) **Euro-zone** means the region comprised of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended;
  - (ii) **Interest Determination Date** means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply;

- (iii) **Reference Banks** means the principal Euro-zone office of each of five leading swap dealers in the Euro-zone interbank market selected by the Agent Bank, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;
  - (iv) **Reference Rate** means in respect of a relevant Interest Period, the 10-year CMS mid-swap rate in EUR (annual, 30/360) versus 6 month EURIBOR (semi-annual/ACT/360) which appears on Reuters Page "ISDAFIX2" or a successor page under the heading "EURIBOR BASIS" and above the caption "11:00 AM CET" (as such headings and captions may appear from time to time) as of 11:00 a.m. (Central European Time) on the relevant Interest Payment Date for such Interest Period;
  - (v) **Representative Amount** means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time;
  - (vi) **TARGET Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.
- (f) In the event that the Reference Rate plus the Margin exceeds the Floating Rate Cap in respect of any Interest Period from and including the Interest Period commencing on the fourth anniversary of the Issue Date, the Floating Rate Cap shall be the Rate of Interest applicable to such Interest Period.

#### 3.4 *Determination of Rate of Interest and Interest Amount*

The Agent Bank shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the third Business Day thereafter, determine the euro amount (the **Interest Amount**) payable in respect of interest on each €1,000 principal amount of Securities for the relevant Interest Period.

#### 3.5 *Publication of Rate of Interest and Interest Amount*

The Agent Bank shall cause the Rate of Interest and the Interest Amount for each Interest Period to but excluding the First Call Date and the relative Interest Payment Date to be notified to the Issuer, the Principal Paying Agent, the Trustee and to any stock exchange or other relevant authority on which the Securities are at the relevant time listed (by no later than the first day of each Interest Period) and to be published in accordance with Condition 14 as soon as possible after their determination, and in no event later than the second Business Day thereafter. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

#### 3.6 *Determination by the Trustee*

The Trustee may (but without any liability accruing to the Trustee as a result), if the Agent Bank defaults at any time in its obligation to determine the Rate of Interest and Interest Amount in accordance with the above provisions, determine the Rate of Interest and Interest Amount or procure the determination of the Rate of Interest and Interest Amount, the former at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the latter in the manner provided in Condition 3.3 and the determinations shall be deemed to be made determinations by the Agent Bank.

#### 3.7 *Notifications, etc. to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them), the Agent Bank or the Trustee, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Agents and all Securityholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Trustee or the Securityholders or the Couponholders shall attach to the Reference Banks (or any of them) or the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

#### 3.8 *Agent Bank*

The Issuer shall procure that, so long as any of the Securities remains outstanding, there is at all times an Agent Bank for the purposes of the Securities and the Issuer may terminate the appointment of the Agent

Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Issuer shall, subject to the prior written approval of the Trustee (not to be unreasonably withheld) appoint the Euro-zone office of another major bank engaged in the Euro-zone interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

#### 4. OPTIONAL DEFERRAL OF INTEREST

##### 4.1 *Deferral*

If, since the last Interest Payment Date on which interest was paid (or, in the case of the first Interest Payment Date, the Issue Date) no Mandatory Payment Event has occurred on or before the 20th Business Day preceding the date on which any payment would, in the absence of deferral, be due and payable (a **Deferral Condition**), the Bank may defer any such payment (any deferred payments are referred to herein as **Deferred Coupons**) and such payment will not be due and payable and no Event of Default will occur as a consequence of such deferral. Any Deferred Coupons will not accrue interest unless and until they become due and payable under the Trust Deed and these Conditions and are not paid.

In order to effect such deferral, the Bank will deliver a notice to the Trustee, the Principal Paying Agent and the holders of the Securities, not less than 16 Business Days prior to the related Interest Payment Date.

##### 4.2 *Optional settlement of Deferred Coupons*

The Bank may pay any Deferred Coupons to holders of the Securities at any time, provided, however, that upon the occurrence of a Mandatory Payment Event at any time after Coupons have been deferred, all Deferred Coupons shall become due and payable as provided in Condition 4.3. The Bank may satisfy its obligations to pay any Deferred Coupons only in accordance with the Alternative Coupon Satisfaction Mechanism.

##### 4.3 *Mandatory payment of Coupons*

If a Mandatory Payment Event occurs, interest on the Securities and any Deferred Coupons will be or become mandatorily due and payable as follows:

- (a) if a Mandatory Payment Event set forth in paragraph (i) of the definition thereof occurs, then, notwithstanding the occurrence, further occurrence or continuance of any Deferral Condition:
  - (i) all Deferred Coupons will become mandatorily due and payable in full on the tenth Business Day after the date on which (x) the general meeting of the Bank's shareholders adopted the Shareholders Adopted Accounts if the Distributable Profits were determined on the basis of the Shareholders Adopted Accounts, or (y) the Management Board publishes the Management Board Published Accounts by submission to the trade register if Distributable Profits were determined on the basis of the Management Board Published Accounts; and
  - (ii) interest will be mandatorily due and payable in full on the next Interest Payment Date (commencing with the Interest Payment Date that falls on or immediately after the date on which (x) the general meeting of the Bank's shareholders adopted the Shareholders Adopted Accounts if Distributable Profits were determined on the basis of the Shareholders Adopted Accounts, or (y) the Management Board publishes the Management Board Published Accounts by submission to the trade register if Distributable Profits were determined on the basis of the Management Board Published Accounts);
- (b) if a Mandatory Payment Event set forth in paragraphs (ii), (iii) or (iv) of the definition thereof occurs, then, notwithstanding the occurrence, further occurrence or continuance of any Deferral Condition:
  - (i) all Deferred Coupons will become mandatorily due and payable in full on the date of such Mandatory Payment Event;
  - (ii) with respect to a Mandatory Payment Event set forth in paragraphs (ii) or (iii) of the definition thereof, the interest payable for the next Interest Payment Date commencing with the Interest Period with a related Interest Payment Date that falls on or immediately after the date of such Mandatory Payment Event, will be mandatorily due and payable in full on such next Interest Payment Date; and

- (iii) with respect to a Mandatory Payment Event set forth in paragraph (iv) of the definition thereof, interest will be mandatorily due and payable in full on the next Interest Payment Date commencing with the Interest Payment Date that falls on or immediately after the date on which the Bank or any of its Undertakings redeems, purchases or otherwise acquires for any consideration any of the Bank's Junior Securities, any Parity Securities or any securities or other instruments issued by any of the Bank's Undertakings benefiting from a Junior Guarantee or Parity Guarantee.

## 5. ALTERNATIVE COUPON SATISFACTION MECHANISM

### 5.1 *General*

The Bank may pay any Deferred Coupons only in accordance with the procedure described below (the **Alternative Coupon Satisfaction Mechanism**) through the issuance of preference shares of the Bank which, when sold, will provide a cash amount to be applied by the Bank towards making the relevant payments.

The obligation of the Bank to make any payment in accordance with the Alternative Coupon Satisfaction Mechanism on a particular date (the **ACSM Payment Date**) will be satisfied as follows:

- (i) the Bank will give at least 16 Business Days' notice of the ACSM Payment Date to the Trustee and the Securityholders;
- (ii) by the close of business on or before the seventh Business Day prior to the ACSM Payment Date the Bank will have authorised for issuance such number of its preference shares as, in the determination of the Bank, have a market value of not less than 110 per cent. of the relevant payment to be satisfied on the ACSM Payment Date (the **Payment Preference Shares**) plus the claims for the costs and expenses to be borne by the Bank in connection with using the Alternative Coupon Satisfaction Mechanism;
- (iii) the Bank will procure purchasers for the Payment Preference Shares as soon as reasonably practicable, but not later than the fourth Business Day prior to the ACSM Payment Date;
- (iv) the Bank will sell the Payment Preference Shares to such purchasers and collect any sales proceeds;
- (v) the Bank will pay the sales proceeds (or such amount of sales proceeds as is necessary to make the relevant payment) in accordance with Condition 7 on the ACSM Payment Date;
- (vi) if, after the operation of the above procedures, there would, in the opinion of the Bank, be a shortfall on the ACSM Payment Date, the Bank will issue further preference shares in accordance with the provisions of the Trust Deed to ensure that funds are available to make the payment in full on the ACSM Payment Date; and
- (vii) if, pursuant to the Alternative Coupon Satisfaction Mechanism, proceeds are raised in excess of the relevant payment amount plus the claims for the fees, costs and expenses to be borne by the Bank in connection with using the Alternative Coupon Satisfaction Mechanism, the Bank will retain such excess proceeds.

The Bank will offer its then current ordinary shareholders a pre-emptive right over issuance of any such preference shares. Under no circumstances will the Payment Preference Shares be used as payment in kind in respect of the Bank's obligations to the Securityholders.

### 5.2 *Insufficiency of Payment Preference Shares*

If the Bank is to satisfy a payment pursuant to the Alternative Coupon Satisfaction Mechanism and it does not, on the date when the number of Payment Preference Shares required to be issued is determined, have a sufficient number of preference shares available for issue, then the Bank shall notify the Trustee and the Securityholders that all or part, as the case may be, of the relevant payment cannot be satisfied due to the Bank not having a sufficient number of authorised preference shares. In this case the payment or part thereof shall be satisfied at the earliest practicable date following the date of the Bank's next annual general meeting or extraordinary general meeting of its shareholders at which a resolution is passed making a sufficient number of preference shares available to satisfy all or such part of the relevant payment. If, however, the number of preference shares authorised to be issued at any such meeting is insufficient to satisfy all or such part of the relevant payment then those preference shares so issued will be applied by the Bank in partial satisfaction of all or such part of the relevant payment. Following the passage of a resolution which authorises the Bank to issue additional preference shares for this purpose, the Bank will provide not less than 16 Business Days'

notice to the Trustee and the Securityholders of the date upon which the relevant payment or, as the case may be, the part thereof is to be made.

In the event that any such resolution proposed at any such annual general meeting or extraordinary general meeting is rejected, the resolution will be proposed at each annual general meeting or any extraordinary general meeting thereafter until the resolution has been passed by the Bank's shareholders.

The Bank will undertake in the Trust Deed to use its best efforts to have the Management Board continue to be authorised to issue a sufficient number of preference shares as the Management Board reasonably considers may be required to be issued as Payment Preference Shares in connection with the next payment of interest. Should the Bank fail to do so, no damages will be payable in connection with such failure.

The Trustee is not obliged to monitor whether the Management Board is authorised to issue a sufficient number of unissued preference shares as Payment Preference Shares and the Trustee is entitled to assume, unless it has actual knowledge to the contrary, that the Bank is complying with its obligations to have the Management Board continue to be so authorised.

*At the date of this Prospectus, the Bank has a sufficient number of authorised but unissued preference shares, and the Management Board of the Bank, subject to the approval of the Supervisory Board of the Bank, has the necessary authority to issue and sell preference shares so as to make the interest payments required to be made in respect of the Securities during the next 12-month period, assuming the Alternative Coupon Satisfaction Mechanism is used for the interest payment during such 12-month period.*

## **6. SUPERVISORY EVENT**

### **6.1 *Consequence of Supervisory Event***

Upon the occurrence of a Supervisory Event, the Bank will arrange for each Security to be substituted for a Substituted Preference Share. The terms of the Substituted Preference Shares are set forth in the Bank's articles of association.

### **6.2 *Rights attaching to Substituted Preference Shares***

The Substituted Preference Shares will be non-cumulative and are intended to provide the holders thereof and the Bank in all material respects with the same economic rights, benefits and obligations as are attached to the Securities. The Bank's articles of association will be amended to the effect that (i) in respect of dividends on the Substituted Preference Shares payable in any year, such dividends will be payable (a) if a general meeting of shareholders has declared that such dividends shall be payable and (b) to the extent that the Issuer has Distributable Profits and after allocation to reserves of any amounts required by law and (ii) the Issuer can only pay dividends on its ordinary shares in respect of any year if dividends in respect of that year have been paid in full on the Substituted Preference Shares.

In a winding-up of the Bank, the Substituted Preference Shares will rank *pari passu* with the most senior preference shares of the Bank. Any interest accrued including Deferred Coupons on the Securities at the time when the Securities are substituted for Substituted Preference Shares will be "transferred" to the Substituted Preference Shares.

Subject to the right to defer payments as referred to above, distributions on the Substituted Preference Shares will be calculated and paid on the same economical basis and provisions as interest is calculated and paid in respect of the Securities.

### **6.3 *Covenants of the Bank***

As from the Issue Date, the Bank will take all reasonable steps to ensure that (i) it will have a sufficient number of authorised but unissued Substituted Preference Shares to permit the substitution of all outstanding Securities and (ii) all corporate authorisations (other than a managing board resolution for the issuance of the Substituted Preference Shares) will be taken on or prior to the next succeeding annual shareholder's meeting of the Bank and thereafter for the issue of the Substituted Preference Shares free from pre-emptive rights. The Bank further undertakes that it will pay any taxes or capital duties or stamp duties payable in The Netherlands arising on the allotment and issue of the Substituted Preference Shares.

### **6.4 *Substitution Procedures***

As soon as reasonably practicable following the occurrence of a Supervisory Event, the Bank shall cause notice thereof to be given to the Securityholders, in accordance with Condition 14. A substitution confirmation

(a **Substitution Confirmation**) which each holder will be required to complete will be made available at the offices of each Paying Agent. To receive Substituted Preference Shares in respect of its holding of Securities, each holder must deliver to a Paying Agent, within 30 days of receipt of such notice, a Substitution Confirmation (for the time being current and which may, if this Security is held in a clearing system, be any form acceptable to the clearing system (which may be electronic) delivered in a manner acceptable to the clearing system) together with its Securities or evidence satisfactory to the Paying Agent concerned that such Securities will, following the delivery of the Substitution Confirmation, be held to its order or under its control. Any such Substitution shall be effected subject in each case to any applicable fiscal laws or other laws or regulations.

The Substituted Preference Shares will be paid-up in full by set-off of the contribution obligation of each holder in respect of the Substituted Preference Shares against the debt owed to it by the Bank in respect of the Securities in accordance with the Trust Deed.

*See "Summary of provisions relating to the Securities while represented by the Global Securities" for substitution procedures while the Securities are in global form held within the clearing systems.*

#### **6.5 *Rights of holders pending Substitution***

Upon the Bank taking steps to effect a substitution following the occurrence of a Supervisory Event but prior to the relevant substitution being effected, holders will have no further rights, title or interest in or to Securities except the right to have their respective Securities substituted in the manner described above.

Notwithstanding the foregoing, if Substituted Preference Shares are required to be issued, holders will continue to be entitled to receive payments and/or a liquidation distribution in respect of the Securities until such time as notice is given by the Bank in accordance with Condition 14 that the Substituted Preference Shares are available for issue.

### **7. PAYMENTS AND EXCHANGES OF TALONS**

#### **7.1 *Payments in respect of Securities***

Payments of principal and interest in respect of each Security will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Security, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

#### **7.2 *Method of Payment***

Payments 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 euro cheque.

#### **7.3 *Missing Unmatured Coupons***

Each Security should be presented for payment together with all relative unmatured Coupons (which expression shall, for the avoidance of doubt, include Coupons falling to be issued on exchange of matured Talons). Upon the date on which any Security becomes due and repayable, all unmatured Coupons appertaining to the Security (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

#### **7.4 *Payments subject to Applicable Laws***

Payments in respect of principal and interest on the Securities are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9.

#### **7.5 *Payment only on a Presentation Date***

A holder shall be entitled to present a Security or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 3, be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 10):

- (a) is or falls after the relevant due date;

- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Security or Coupon is presented for payment; and
- (c) in the case of payment by credit of transfer to a euro account as referred to above, is a TARGET Settlement Day.

#### **7.6 Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

#### **7.7 Initial Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Bank reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Securities are admitted to official listing on the London Stock Exchange shall be London or such other place as the UK Listing Authority may approve;
- (c) the Bank undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent and an Agent Bank in a jurisdiction other than The Netherlands.

Notice of any termination or appointment and of any changes in specified offices will be given to the Securityholders promptly by the Bank in accordance with Condition 14.

### **8. REDEMPTION AND PURCHASE**

#### **8.1 No scheduled maturity date**

The Securities are perpetual with no scheduled maturity date. The Securities may only be redeemed, at the Bank's option, in accordance with Condition 8.2, Condition 8.3 or Condition 8.4. Any redemption in accordance with Condition 8.2 or Condition 8.4 will be subject to the prior approval of De Nederlandsche Bank N.V.

#### **8.2 Redemption for Taxation Reasons**

If the Bank satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 9), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date, on the next Interest Payment Date the Bank would be required to pay additional amounts as provided or referred to in Condition 9 and the Bank cannot avoid such circumstance by taking measures as it (acting in good faith) deems appropriate; or
- (b) payments of interest on the Securities, including, for the avoidance of doubt, the issue of preference shares pursuant to the Alternative Coupon Satisfaction Mechanism, may be treated as "distributions" within the meaning of Section II of the Dividend Withholding Tax Act 1965 (*Wet op de dividend belasting 1965*); or such other provision as may from time to time supersede or replace Section II of

the Dividend Withholding Tax Act 1965 for the purposes of such definition) and the Bank cannot avoid such treatment by taking such measures as it (acting in good faith) deems appropriate; or

- (c) as a result of any proposed change or amendment to the laws or regulations of The Netherlands, or any proposed change in the application of official or generally published interpretation of such laws or regulations, or any interpretation or pronouncement by any relevant tax authority that provides for a position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Securities, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by Act of Parliament or made by statutory instrument on or after the Issue Date there is more than an insubstantial risk that the Bank will not obtain substantially full relief for the purposes of Dutch corporation tax for any payment of interest including, for the avoidance of doubt, where the payment of interest is to be satisfied by the issue of preference shares pursuant to the Alternative Coupon Satisfaction Mechanism and the Bank cannot avoid this risk by taking such measures as it (acting in good faith) deems appropriate;

the Bank may at its option, having given not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all the Securities, but not some only, on the next Interest Payment Date at their principal amount together with all Deferred Coupons, if any, and interest accrued to but excluding the date of redemption provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Bank would be required to pay such additional amounts, were a payment in respect of the Securities then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Bank shall deliver to the Trustee a certificate signed by two Directors of the Bank stating that the approval of De Nederlandsche Bank N.V. for redemption of the Securities has been obtained and that the relevant requirement or circumstance referred to in (a), (b) or (c) above is satisfied and, in the case of (a) above, will apply on the next Interest Payment Date and cannot be avoided by the Bank taking reasonable measures available to it, and the Trustee shall accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Securityholders and the Couponholders.

### **8.3 *Redemption as a result of Capital Disqualification Event***

If the Bank satisfies the Trustee immediately before the giving of the notice referred to below that a Capital Disqualification Event has occurred, the Bank may, at its option, having given not less than 30 nor more than 60 days' notice to the holders in accordance with Condition 14 (which notice shall be irrevocable), redeem all the Securities, but not some only, on the next Interest Payment Date at their principal amount together with all Deferred Coupons, if any, and interest accrued to but excluding the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 8.3, the Bank shall deliver to the Trustee a certificate signed by two Directors of the Bank stating that the relevant circumstance referred to in the definition of Capital Disqualification Event has occurred, and the Trustee shall accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which case it shall be conclusive and binding on the holders and the Couponholders.

### **8.4 *Redemption at the Option of the Bank***

The Bank may, having given:

- (a) not less than 15 nor more than 30 days' notice to the holders in accordance with Condition 14; and
- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a);

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Securities, on the First Call Date (as defined in the Final Terms), or on any following Interest Payment Date at their principal amount together with all Deferred Coupons, if any, and interest accrued to but excluding the date of redemption.

### **8.5 *Purchases***

Subject to applicable law and regulations, the Bank or any of its Undertakings may at any time purchase Securities (provided that all unmatured Coupons appertaining to the Securities are purchased with the Securities) in any manner and at any price.

## **8.6 Cancellations**

All Securities which are (a) redeemed or (b) purchased by or on behalf of the Bank or any of its Undertakings will forthwith be cancelled, together with all relative unmatured Coupons attached to the Securities or surrendered with the Securities, and accordingly may not be held, reissued or resold.

## **8.7 Notices Final**

Upon the expiry of any notice as is referred to in Conditions 8.2, 8.3 and 8.4 the Bank shall be bound to redeem the Securities to which the notice refers in accordance with the terms of such paragraph.

## **9. TAXATION**

### **9.1 Payment without Withholding**

All payments in respect of the Securities by or on behalf of the Bank shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts received by the Securityholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Securities or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Security or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Security or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Security or Coupon; or
- (b) presented for payment in The Netherlands; or
- (c) 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 26th-27th November, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Security or Coupon to another Paying Agent in a Member State of the European Union; or
- (e) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 7).

### **9.2 Additional Amounts**

Any reference in these Conditions to any amounts in respect of the Securities shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## **10. PRESCRIPTION**

Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Securities or, as the case may be, the Coupons, subject to the provisions of Condition 7. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this paragraph or Condition 7.

## **11. EVENTS OF DEFAULT**

### **11.1 Non payment**

If default shall be made in the payment of any amount due on the Securities for a period of fourteen days or more the Trustee may, subject as provided below, at its discretion and without further notice and subject to

being indemnified and/or secured to its satisfaction, institute bankruptcy proceedings against the Bank but may not take any other action in respect of such default. For the purpose of determining only whether the Trustee may institute proceedings as aforesaid and not for the purpose of determining the amount payable by the Bank in respect of the Securities, a payment otherwise due or mandatory shall be deemed to be so due or mandatory notwithstanding that the relevant condition set out in Condition 2 is not satisfied.

### **11.2** *Winding-up*

If, otherwise than for the purposes of reconstruction or amalgamation on terms previously approved in writing by an Extraordinary Resolution (as defined in the Trust Deed) of the Securityholders, an order is made or an effective resolution is passed for the winding up in The Netherlands of the Bank, the Securities shall immediately become due and repayable by the Bank at their principal amount together with Deferred Coupons, if any, and accrued interest as provided in the Trust Deed subject to Condition 2.

### **11.3** *Other obligations*

The Trustee may at any time at its discretion and without further notice institute such proceedings against the Bank as it may think fit to enforce any obligation, condition or provision binding on the Bank under the Trust Deed, the Securities or the Coupons (other than any obligation for the payment of any principal or interest in respect of the Securities or Coupons) provided that Bank shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

## **12. ENFORCEMENT**

### **12.1** *Enforcement by the Trustee*

The Trustee shall not be bound to take any proceedings or any other action in relation to the Trust Deed, the Securities or the Coupons referred to in Condition 11 unless (a) it has been so directed by an Extraordinary Resolution of the Securityholders or so requested in writing by the holders of at least one-fifth in principal amount of the Securities then outstanding and (b) it has been indemnified and/or secured to its satisfaction.

### **12.2** *Enforcement by the holders*

No Securityholder or Couponholder shall be entitled to proceed directly against the Bank or to institute bankruptcy proceedings against the Bank, or to prove in such bankruptcy, except that if the Trustee, having become so bound to proceed, fails to do so, or being able to prove in such proceedings, fails to do so (in each case, within a reasonable period) and such failure shall be continuing, then any Securityholder may, on giving an indemnity and/or security satisfactory to the Trustee, in the name of the Trustee (but not otherwise) himself institute bankruptcy proceedings against the Bank and/or prove in such proceedings to the extent (but not further or otherwise) that the Trustee would have been entitled to do so.

## **13. REPLACEMENT OF SECURITIES AND COUPONS**

Should any Security or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Bank may reasonably require. Mutilated or defaced Securities or Coupons must be surrendered before replacements will be issued.

## **14. NOTICES**

All notices to the Securityholders will be valid if published in a leading English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the *Financial Times*. The Bank shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Securities are for the time being listed. 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. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Securityholders in accordance with this paragraph.

## **15. MEETINGS OF SECURITYHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

### **15.1 *Meetings of Securityholders***

The Trust Deed contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Securities for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Securities held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Securityholders will be binding on all Securityholders, whether or not they are present at the meeting, and on all Couponholders.

### **15.2 *Modification, Waiver, Authorisation and Determination***

The Trustee may agree, without the consent of the Securityholders or Couponholders, to any modification (save as provided in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of Trustee, proven.

### **15.3 *Trustee to have Regard to Interests of Securityholders as a Class***

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Securityholders as a class but shall not have regard to any interests arising from circumstances particular to individual Securityholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Securityholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Securityholder or Couponholder be entitled to claim, from the Bank, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

### **15.4 *Notification to the Securityholders***

Any modification, abrogation, waiver, authorisation or determination shall be binding on the Securityholders and the Couponholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Bank to the Securityholders as soon as practicable thereafter in accordance with Condition 14.

## **16. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE BANK**

### **16.1 *Indemnification of the Trustee***

The Trust Deed contains provisions for the indemnification and/or security of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

### **16.2 *Trustee Contracting with the Bank***

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Bank and/or any of the Bank's Undertakings and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Bank and/or any of the Bank's Undertakings, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## 17. FURTHER ISSUES

The Bank is at liberty from time to time without the consent of the Securityholders or Couponholders to create and issue further securities ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the Securities constituted by the Trust Deed or any supplemental deed. Any such further securities shall be constituted by a deed supplemental to the Trust Deed.

## 18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

### 18.1 *Governing Law*

The Trust Deed, the Securities and the Coupons are governed by, and shall be construed in accordance with, English law save for Condition 2.2 which shall be governed by, and construed in accordance with, the laws of The Netherlands.

### 18.2 *Jurisdiction of English Courts*

The Bank has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Securityholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Securities or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Bank has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Securityholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed, the Securities or the Coupons respectively (together referred to as **Proceedings**) against the Bank in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

### 18.3 *Service of Process*

The Bank agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to NIBC Bank N.V., London branch at 7 Bishopsgate, London EC2N 3BX or any other registered office it may have from time to time at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. If the Bank no longer maintains a branch or registered office in England, it shall forthwith appoint a person in England to accept service of process on its behalf in England and notify the name and address of such person to the Trustee. Nothing contained herein shall affect the right to serve process in any other manner permitted by law. The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Trustee or the Securityholders or any of them to take Proceedings or settle disputes in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of Proceedings or the settling of disputes in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

## 19. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Security, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 20. DEFINITIONS

In these Terms and Conditions, except to the extent that the context otherwise requires:

**Accrual Date** has the meaning set out in Condition 3.4.

**Agency Agreement** has the meaning set out in the preamble to these Conditions and includes any supplement thereto.

**Alternative Coupon Satisfaction Mechanism** has the meaning set out in Condition 5.1.

**Bank** means NIBC Bank N.V.

**Business Day** (i) for the purposes of Conditions 4 and 5, means a day on which the London Stock Exchange is open; and (ii) for the purposes of Conditions 3 and 7 and the definition of Liquidation Preference Amount means, in relation to any place, 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 that place and which is a TARGET Settlement Day.

**Capital Disqualification Event** means the Bank is notified in writing by De Nederlandsche Bank N.V. to the effect that securities in the nature of the Securities may not be included in the consolidated Tier 1 capital of the Bank.

**Deferral Condition** has the meaning set out in Condition 4.1.

**Deferred Coupons** has the meaning set out in Condition 4.1.

**Director** means a member of the managing board of the Bank.

**Distributable Profits** for any particular financial year means the reported net profit of the Bank on a consolidated basis, determined in each case after tax and extraordinary items for such year, as derived from the audited consolidated profit and loss account of the Bank set forth in (x) the audited annual accounts of the Bank adopted by a general meeting of the Bank's shareholders in accordance with the Articles of Association (the **Shareholders Adopted Accounts**) or (y) if such accounts have not been adopted by a general meeting of the Bank's shareholders within the periods prescribed under Dutch law and the Bank's Articles of Association, the audited annual accounts of the Bank made public by the Management Board by submission to the trade register pursuant to Dutch law (the **Management Board Published Accounts**).

**Event of Default** means an event as described in Condition 11.

**Interest Amount** has the meaning set out in Condition 3.4.

**Interest Payment Date** has the meaning set out in Condition 3.1.

**Interest Period** means period from and including the Issue Date to but excluding the first Interest Payment Date, and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date.

**Issue Date** is as specified in the Final Terms.

**Junior Guarantee** means any guarantee, indemnity or other contractual support arrangement entered into by the Bank in respect of securities (regardless of name or designation) or other instruments issued by one of the Bank's subsidiaries or Undertakings which, effectively from a financial point of view, ranks after the Securities, upon the Bank's liquidation, moratorium of payments, bankruptcy or emergency measure (*noodregeling*) being declared.

**Junior Securities** means the Ordinary Shares of the Bank, or any other securities or instruments which, effectively from a financial point of view, rank after the Securities, as regards distributions on a return of assets upon liquidation or in respect of distributions or payment of dividends or any other payments thereon.

**Liquidation Preference Amount** per Substituted Preference Share means the sum of (a) €1,000, plus (b) accrued and unpaid interest, if any, including any unpaid Deferred Coupons, if any, on the Securities on the second TARGET Settlement Day in London before the notice given by the Bank under Condition 6.5 is published, plus (c) any additional amounts payable under Condition 9.1, plus (d) other amounts, if any, accrued and unpaid under the Securities and the Trust Deed determined on the second TARGET Settlement Day in London before the notice given by the Bank under Condition 6.5 is published.

**Mandatory Payment Event** means:

- (i) the Bank has Distributable Profits for the preceding financial year in excess of the amounts referred to in Condition 4.3;
- (ii) the Bank declares, pays or distributes a dividend or makes a payment (other than a dividend in the form of Ordinary Shares) on any of the Bank's Junior Securities or Parity Securities or makes a payment on a Junior Guarantee or Parity Guarantee;
- (iii) any of the Bank's Undertakings declares, pays or distributes a dividend on any security or other instrument issued by it benefiting from a Junior Guarantee or Parity Guarantee or

makes a payment (other than a dividend in the form of ordinary shares) on any security or other instrument issued by it benefiting from a Junior Guarantee or Parity Guarantee; or

- (iv) the Bank or any of its Undertakings redeems, purchases or otherwise acquires for any consideration any of the Bank's Junior Securities, any Parity Securities or any securities or other instruments issued by any of the Bank's Undertakings benefiting from a Junior Guarantee or Parity Guarantee, other than:
- (a) by conversion into or in exchange for the Ordinary Shares;
  - (b) in connection with transactions effected by or for the account of the Bank's customers or customers of any of the Bank's Undertakings or in connection with distribution, trading or market-making activities in respect of those securities;
  - (c) in connection with the Bank's satisfaction of the Bank's, or the satisfaction by any of the Bank's Undertakings of its, obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants;
  - (d) as a result of a reclassification of the capital stock of the Bank or any of the Bank's Undertakings or the exchange or conversion of one class or series of capital stock for another class or series of capital stock; or
  - (e) the purchase of the fractional interests in shares of the Bank's capital stock or the capital stock of any of the Bank's Undertakings pursuant to the conversion or exchange provisions of that capital stock (or the security being converted or exchanged).

**Ordinary Shares** means the Bank's ordinary shares, with a nominal value of €1.00 per share.

**Parity Guarantees** means any guarantees, indemnities, or other contractual support arrangements the Bank enters into with respect to securities or other instruments issued by any of its subsidiaries or Undertakings which effectively from a financial point of view:

- (i) are similar to the most senior class of the Bank's preference shares:
  - (a) with respect to distributions on a return of assets upon the Bank's liquidation; or
  - (b) with respect to dividends or distribution of payments or other amounts thereunder; and
- (ii) rank *pari passu* with the Securities with respect to such distributions or payments.

**Parity Securities** means the Bank's most senior class of preference shares (including, without limitation, the Bank's Class B<sub>1</sub>, through B<sub>12</sub>, C<sub>1</sub> through C<sub>12</sub>, D<sub>1</sub> through D<sub>12</sub> and E<sub>1</sub> through E<sub>12</sub> preference shares, if issued, and Class F<sub>1</sub> through F<sub>5</sub>) or any of the Bank's other securities or instruments (including without limitation for so long as they remain outstanding, the US\$200,000,000 Perpetual Debt Securities issued by the Bank on 10 December, 2003 and the US\$100,000,000 CMS Linked Perpetual Debt Securities issued on 24 March, 2005) which effectively from a financial point of view:

- (i) are similar to the most senior class of the Bank's preference shares:
  - (a) with respect to distributions on a return of assets upon the Bank's liquidation; or
  - (b) with respect to dividends or distribution of payments or other amounts thereunder; and
- (ii) rank *pari passu* with the Securities with respect to such distributions or payments.

**Payment Preference Shares** has the meaning set out in Condition 5.1.

**Rate of Interest** has the meaning set out in Condition 3.3.

**Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Securityholders by the Bank in accordance with Condition 14.

**Relevant Jurisdiction** means The Netherlands or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Bank becomes subject in respect of payments made by it of principal and interest on the Securities and Coupons.

**Securities** has the meaning set out in the preamble to these Conditions.

**Senior Debt** of the Bank means:

- (i) all claims of the Bank's unsubordinated creditors;
- (ii) all claims of the Bank's creditors whose claims are, or are expressed to be, subordinated only to the claims of the Bank's unsubordinated creditors (whether only in the event of the Bank's bankruptcy or otherwise); and
- (iii) all claims of all of the Bank's other creditors, except those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of holders of the Securities.

**Substituted Preference Share** means a non-voting depository receipt issued for a preference share issued by the Bank in accordance with Condition 6 with a nominal value of €1.00 each, representing 100 (hundred) votes to be cast in a general meeting of shareholders of the Bank and a share premium of the Liquidation Preference Amount, being paid up by way of set off of the amount to be paid up on each Substituted Preference Share against the amounts owed by the Bank under each Security.

**Substitution Confirmation** has the meaning set out in Condition 6.4.

**Supervisory Event** means that the amount of capital of the Bank on a consolidated basis declines below the minimum percentages stipulated by the De Nederlandsche Bank N.V. from time to time in accordance with the Basle Accord in its general guidelines (which on the date of issues of the Securities provide for maintenance by the Bank of a total capital ratio of at least 8 per cent. on a consolidated basis).

**Taxes** has the meaning set out in Condition 9.1.

**Trust Deed** has the meaning set out in the preamble to these Conditions and includes any deed supplemental thereto.

**Trustee** means The Law Debenture Trust Corporation p.l.c. and includes any successor thereto pursuant to the Trust Deed.

**Undertaking** means any of the Bank's subsidiaries (being a subsidiary within the meaning of section 2:24a of the Dutch Civil Code) or any entity in which the Bank has a direct or indirect financial, commercial or contractual maturity interest.

## SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE REPRESENTED BY THE GLOBAL SECURITIES

*The following is a summary of the provisions to be contained in the Trust Deed to constitute the Securities and in the Global Securities which will apply to, and in some cases modify, the Conditions of the Securities while the Securities are represented by the Global Securities.*

### 1. Exchange for definitive Securities

The Permanent Global Security will be exchangeable in whole but not in part (free of charge to the holder) for definitive Securities only:

- (a) if both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (b) if the Bank would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Securities in definitive form and a certificate to such effect signed by two Directors of the Bank is given to the Trustee.

Thereupon (in the case of (a) above) the holder of the Permanent Global Security (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Bank and (in the case of (b) above) the Bank may give notice to the Trustee and the Securityholders, of its intention to exchange the Permanent Global Security for definitive Securities on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Security may or, in the case of (b) above, shall surrender the Permanent Global Security to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Security the Bank will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Security), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Security, the Bank will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Securities.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

### 2. Payments

On and after the day falling forty days after the Issue Date, no payment will be made on the Temporary Global Security unless exchange for an interest in the Permanent Global Security is improperly withheld or refused. Payments of principal and interest in respect of Securities represented by a Global Security will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of such Global Security to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Securityholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Security by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Securities. Payments of interest on the Temporary Global Security (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### 3. Notices

For so long as all of the Securities are represented by one or both of the Global Securities and such Global Security(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Securityholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 14. Any such notice shall be deemed to have been given to the Securityholders on the second after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

#### **4. Accountholders**

For so long as all of the Securities are represented by one or both of the Global Securities and such Global Security(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Securities (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Securities standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Securities for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the holders and giving notice to the Bank pursuant to Condition 12) other than with respect to the payment of principal and interest on such principal amount of such Securities, the right to which shall be vested, as against the Bank and the Trustee, solely in the bearer of the relevant Global Security in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Security.

#### **5. Prescription**

Claims against the Bank in respect of principal and interest on the Securities represented by a Global Security will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

#### **6. Cancellation**

Cancellation of any Security represented by a Global Security and required by the Conditions of the Securities to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Security on the relevant part of the schedule thereto.

#### **7. Supervisory Event**

If a Supervisory Event occurs while the Securities remain in global form, Condition 6.4 shall not apply. As soon as reasonably practicable following the occurrence of a Supervisory Event, the Bank shall cause notice thereof to be published. Such notice shall specify a date (the **Substitution Date**) when the Substituted Preference Shares shall be delivered in global registered form to a common depository for Euroclear and Clearstream, Luxembourg. Such global Substituted Preference Shares shall be registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg. On the Substitution Date, provided such global Substituted Preference Shares has been so registered, each Security will be cancelled against a corresponding crediting of the Substituted Preference Shares to each Accountholder's account with the relevant clearing system. Accountholders will not be required to complete a Substitution Confirmation in such circumstances.

#### **8. Euroclear and Clearstream, Luxembourg**

References in the Global Securities and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

## USE OF PROCEEDS

The net proceeds of the issue of the Securities will be applied by the Issuer for general corporate purposes and will improve the Issuer's capital structure.

## BUSINESS DESCRIPTION OF NIBC BANK N.V.

### 1. INFORMATION ABOUT THE ISSUER

#### 1.1 History and Development of the Issuer

NIBC Bank N.V. (NIBC Bank or Issuer), formerly known as NIB Capital Bank N.V., was established by the Dutch Government after World War II to meet the Netherlands' need for investment. NIBC Bank is a Netherlands public limited liability company incorporated on 31st October, 1945, with statutory seat and its headquarters in The Hague, the Netherlands and is registered at the Chamber of Commerce of The Hague under number 27032036. Its registered address is Carnegieplein 4, 2517 KJ, The Hague, the Netherlands.

#### *Recent Developments and Outlook*

On 9 August, 2005 NIBC N.V. (NIBC), the Issuer's parent company, issued a press announcement stating that its two shareholders pension funds ABP and PGGM had reached an agreement with an international group of investors led by J.C. Flowers & Co. LLC for the sale of all the shares in NIBC (the Takeover). The formal transfer of shares took place on 14 December, 2005.

The current ratings of NIBC Bank are as follows:

	Long term	Short term	Outlook
Moody's	A3	Prime-2	Stable
S&P	A-	A-2	Stable
Fitch	A	F1	Stable

#### 1.2 Business Overview

Historically, the Issuer's major business activities have been lending, corporate and institutional finance and equity investments. In recent years, the Issuer has decreased its involvement in lending for its own account and increased its role of acting as an intermediary between corporate borrowers and investors such as pension funds, insurance companies, banks and asset managers. In order to maintain efficiency, the Issuer intends that the growth of its assets be limited and the focus be on accelerating the asset velocity. The Issuer's selected business model is in line with this strategic course.

The Issuer acts as an independent merchant bank in Northwest Europe with regional client driven origination and a global distribution network. A compact, professional and committed organisation with a strong credit rating is among the Issuer's strengths. The Issuer's business model as a merchant bank is aimed at offering corporate finance, risk management and structured investment solutions. The partnership structure and the high degree of professionalism and commitment of its employees translate into creativity and quality. The Issuer focuses on corporates, financial institutions, institutional investors and family offices through commercial Strategic Business Units (each, an SBU). The Issuer has offices in The Hague, London, Brussels, Frankfurt, Greenwich (US), Singapore and Curaçao.

The Issuer aims to become the primary choice for its major clients in the areas of financing and financial advice by offering superior products, and to accelerate the turnover of its assets. Acceleration of the turnover of its assets and a further diversification of its income sources are important elements of the business model.

#### *Description of SBUs of the Issuer*

The Issuer consists of six SBUs. Five of these are commercial SBUs: Corporate Finance, Principal Investments, Financial Markets, Investment Management and Real Estate Markets. The sixth SBU, Corporate Center, provides support for the five commercial divisions, amongst others, in the form of financial and legal support, human resources, and corporate communications.

### *Corporate Finance SBU*

The Corporate Finance SBU is primarily responsible for client-driven origination, transaction structuring and execution, and portfolio and loan management. The SBU was changed in 2002 from a mainly product-driven organization into a client-driven organization. Corporate Finance is organized into five client coverage teams: Financial Sponsors, Transportation and Energy, Infrastructure, Food, Agriculture & Retail and General Industries.

The client coverage teams bring together competencies in the fields of advisory, finance and sector knowledge. In responding to client needs, these teams deliver a combination of strategic advice and a broad range of financial products. In addition to these teams, the Corporate Finance SBU is engaged in the following activities: debt products, capital markets & advisory (including mergers & acquisitions), acquisition and project finance, loan & portfolio management (centralized management of credit portfolios), research, credit risk management and operations.

### *Principal Investments SBU*

The Principal Investments SBU is the Issuer's platform for all equity investments and intermediate capital investments. The focus of Principal Investments is the corporate and buy-out market in Northwest Europe, especially on the client franchise of the Issuer.

### *Financial Markets SBU*

The Financial Markets SBU is the Issuer's portal to the global capital markets with structuring and distribution as its core activities. The Financial Markets SBU combines all of the Issuer's distribution activities including securitisation, treasury, securities trading and sales. This SBU's services range from structured products, bonds, asset-backed securities to alternative investments and combinations of the foregoing.

### *Real Estate Markets SBU*

The Issuer has been increasingly active as an originator and arranger of structured transactions and has played a leading role in the development of securitisations in The Netherlands. The Issuer originates residential mortgages and commercial real estate loans on its own book. Servicing of these mortgages is either retained by the institution concerned or sub-contracted to specialised third parties. Initially the Issuer carried these portfolios exclusively on its own balance sheet. Increasingly, portions of the portfolios have been securitised. Through its Dutch MBS and other programmes, over EUR 10 billion has been arranged and issued. In addition to acting as arranger and joint-lead manager, the Issuer performs the functions of paying agent and calculation agent for these transactions. Furthermore securitisations have been done from its portfolio's in leverage loans and shipping loans.

### *Investment Management SBU*

The Investment Management SBU was established to manage new activities in the area of asset management. The Investment Management SBU operates independently from the other activities of the Issuer, as transactions between Investment Management and the other parts of the Issuer are carried out on an 'arm's length' basis. The Investment Management SBU is comprised of two business units: NIBC Credit Management and Fund Services.

### *Corporate Center SBU*

The Corporate Center SBU provides the supporting and facilitating services of the Issuer. Its key goals are to enhance the quality of shared services and provide efficient and effective support to the other SBUs.

### *Strategic Partnerships*

In line with its strategy to promote growth and product expansion, in recent years the Issuer has entered into one strategic partnership and NIBC (through its 100 per cent. subsidiary, NIBC Investment Management N.V.) has entered into some strategic partnerships involving the Issuer. The Issuer and Petercam formed a joint venture under the name of NIBC Petercam Derivatives N.V. in 2001 (NPD). In the press release of NIBC N.V. dated 14 February 2005 it reported disappointing results of NPD. This negative trend continued in the early months of 2005. This prompted us to intensify the restructuring operation launched in 2004. In the context of our previously reported evaluation of NIBC's strategic

options, it was decided, in consultation with fellow shareholder Petercam N.V., to wind down the activities of NPD. This has led to a net loss for NIBC in 2005 of EUR 79 million. At the end of 2005 NPD has been liquidated and the portfolio has been fully wound down and no further losses from that can occur.

In 2002, NIBC acquired a majority interest in Harcourt Investment Consulting AG (**Harcourt**) to strengthen its strategic position in the field of alternative investments. Harcourt has a strong market position in Europe as a leading provider of hedge fund solutions for institutional investors and has more than EUR 2.5 billion of assets under management (excluding consulting assets). On 15th December, 2005 NIBC announced that it would sell its stake in Harcourt to Vontobel Holding A.G., a Zurich-based asset manager. Final transfer took place in February 2006.

In 2002 NIBC acquired a 100 per cent. interest in Catamount Investment Group, currently called NIBC Credit Management Inc. (**NIBC CM**). NIBC CM is a specialized asset and collateral manager with structuring capabilities in the asset-backed securities market. The business model focuses on exploiting and arbitraging the illiquidity of the notes market. This will be affected by originating these assets and repackaging them by way of a securitisation programme.

The fourth partnership concerns a minority stake in Integrated Finance Limited (**IFL**) that was acquired in 2002. NIBC decided to join this initiative to access state-of-the-art finance technology, capitalize upon distinctive and appealing pension finance propositions, enhance investment banking capabilities, and boost distribution and derivatives transactions. IFL also provides support to the Bank's corporate and financial institutional clients with respect to pension-related matters.

The fifth partnership involves a majority stake in NIBC Wealth Management, a company founded in 2004. The primary activity of this partnership will be to offer an individual discretionary wealth management to high net worth individuals, trusts, family offices and smaller institutional investors. NIBC Wealth Management operates as a stand-alone enterprise and offers additional products for existing clients in the Benelux. The products that are developed in-house can be offered to the owners/managers whom we are already in business with via Corporate Finance.

In addition to the Strategic Partnerships described above, the Issuer operates globally through a number of wholly and partly owned subsidiaries. The principal subsidiaries are the following:

NIBC Bank Ltd., Singapore; NIBC Bank (NA) N.V., Willemstad, Curaçao; Nationale Maatschappij voor Industriële Financieringen B.V., The Hague, The Netherlands; B.V. NIBC Mortgage Backed Assets, The Hague, The Netherlands; SR-Hypotheek N.V., Rotterdam, The Netherlands; Parnib Holding N.V., The Hague, The Netherlands; YCAP Group B.V., The Hague, The Netherlands; NIBC Principal Investments B.V., The Hague, The Netherlands; De Nederlandse Participatie Maatschappij voor de Nederlandse Antillen N.V., The Hague, The Netherlands; Participatiemaatschappij Mainport Rotterdam B.V., The Hague, The Netherlands and Ducatus N.V., 's Hertogenbosch, The Netherlands.

#### ***Government Related Business***

The Issuer has, from the time of its establishment, maintained a close and active working relationship with the Netherlands Government. Its early role as a reconstruction bank after World War II has expanded and includes administration of several lending programmes guaranteed by the Dutch Government as well as providing consulting services to the government, and, through its subsidiaries, the execution of an important part of the bilateral development co-operation policy. One of the roles of the Issuer is to provide loans that are guaranteed by the Government under the Government's Special Financing Arrangement. These loans are granted to enterprises with good business prospects, but these loans may represent a higher risk than banks would normally be prepared to accept. The most important type of loan guaranteed by the Government is a subordinated loan granted to enterprises with risk capital requirements which cannot be met by other instruments in the market.

#### ***Funding***

The activities of the Issuer are principally funded by the Issuer itself, in both the domestic and international financial markets. The Issuer is a frequent borrower on the international capital markets. The Issuer's primary source of funding is the issuance of debt securities through both private placements and public offerings. Additional sources of funding include senior and subordinated borrowings and issues of shares. During 2005, the Issuer raised approximately EUR 3.6 billion under its EMTN programme and EUR 0.3 billion through international private placements and stand alone

issues. The debt securities issued by the Issuer are placed predominantly in the Benelux countries, Germany, the United Kingdom, Japan and South-East Asia, although substantial amounts are also placed outside those countries. The Issuer's EMTN programme provides for issuance of securities, subject to a maximum aggregate outstanding principal amount of EUR 20 billion. As of December 2005, the Issuer had EUR 14.3 billion outstanding under the EMTN programme. The Issuer has a Euro Commercial Paper programme (ECP) pursuant to which it may issue short-term commercial paper subject to a maximum aggregate outstanding principal amount of EUR 3 billion. As of December 2005, the Issuer had EUR 0.2 billion outstanding under the ECP programme. Furthermore the Issuer has recently set up a French Commercial Paper programme and an Australian Dollar Medium Term Note Programme. All programmes give the Issuer the flexibility to make smaller issues and to utilize a variety of financing structures. Finally, the Issuer is active in the interbank deposit market.

The Issuer uses derivatives to hedge currency and interest rate risks to align its assets with its borrowings.

### ***Risk Management***

Risk management at the Issuer involves identifying, measuring, managing and reporting of credit risk, market risk, liquidity risk, operational and other risks. We refer to the extensive risk management chapter in the NIBC N.V. annual report 2005. These risks are under the daily control of the risk management departments, and managed in accordance with the Issuer's risk policies. These policies are designed by the different risk departments, and approved by the Asset & Liability Committee, the Transaction Committee, the Investment Committee, the Operating Risk Committee and the Management Committee. Furthermore, there is a Risk Policy Committee, acting as a sub-committee of the Supervisory Board. These policies aim to protect the Issuer against unforeseen market movements and ensure that the capital of the Issuer is not endangered. The functional risk management organization is a combination of risk management committees and departments:

- The Management Committee is responsible for high level risk management and balance sheet management issues.
- The Asset & Liability Committee controls the balance sheet on a strategic level and is responsible for the policies with respect to market risks, liquidity risks and concentration risks of the Issuer.
- The Transaction Committee is responsible for credit risk policy and strategy, including approving transactions, monitoring exposures and provisioning.
- The Operating Risk Committee focuses on operating risk and ICT related topics.
- The Investment Committee is responsible for mezzanine and equity risk policy and strategy, including approving transactions, monitoring exposure and provisioning.
- The Asset and Liability Management Department (ALM) is responsible for the preparation of policies in the area of market risk, liquidity risk and asset and liability management. ALM also bears responsibility for the implementation and maintenance of a market risk management system.
- The Risk Management Department within the Financial Markets SBU is responsible for the daily risk control and reporting of all trading and investment activities within the Financial Markets SBU.
- The Credit Risk Management Department is responsible for the risk assessment of credit proposals, credit reviews and the preparation of policies with respect to collateral management and provisioning.

### **1.3 Organisational Structure**

From its founding in 1945 and until 1999, the Issuer was majority owned by the Dutch Government. In 1999, NIBC N.V., formerly known as ABP-PGGM Capital Holdings N.V., which is owned by the two largest pension funds in the Netherlands, namely Stichting Pensioenfond ABP (ABP) and Stichting Pensioenfond PGGM (PGGM), acquired the Issuer.

On 9 August 2005, NIBC N.V., the Issuer's parent company, issued a press announcement stating that its two shareholders pension funds ABP and PGGM have reached an agreement with an international group of investors led by J.C. Flowers & Co LLC (the Consortium) for the sale of all the shares in NIBC. Currently, both ABP and PGGM each

hold 50 per cent. of the shares in NIBC. The formal transfer of shares took place on 14th December, 2005. NIBC is now fully owned by the Consortium.

## SUPERVISION AND REGULATION

### *General*

NIBC Bank N.V. is a credit institution (*kredietinstelling*) organised under the laws of The Netherlands. The principal law applicable to NIBC Bank N.V. is the 1992 Act on the supervision of the credit system (*Wet toezicht kredietwezen 1992*) (the **Netherlands Act**), under which NIBC Bank N.V. is supervised by DNB and the Dutch Minister of Finance.

The objectives of NIBC Bank N.V. are general banking and financing activities (see for a detailed description article 2 of the Articles of Association). The Articles of Association have been lastly amended on 14 December 2005. The power to issue new preference shares in NIBC Bank N.V.'s share capital has been delegated to the Managing Board until 12 November 2009.

### Licensing

Under The Netherlands Act, a credit institution established in The Netherlands is required to obtain a licence from DNB before engaging in any banking activities. The requirements to obtain a licence, among others, are as follows: (i) the day-to-day policy of the credit institution must be determined by at least two persons, (ii) the credit institution must have a body of at least three members which has tasks similar to those of aboard of supervisory directors and (iii) the credit institution must have a minimum equity (*eigen vermogen*) of EUR 5,000,000. Also, DNB shall refuse to grant a licence if, among other things: it is of the view that (i) the persons who determine the day-to-day policy of the credit institution have insufficient expertise to engage in the business of the credit institution, (ii) the interests of (future) creditors could be materially prejudiced given the intentions or credentials of one or more persons who determine the policy of the credit institution or (iii) through a qualified holding in the credit institution, influence on the policy of such enterprise or institution may be exercised which is contrary to prudent banking policy (*gezond bankbeleid*). In addition to certain other grounds, the licence may be revoked if a credit institution fails to comply with the requirements for maintaining it.

### *Reporting and Investigation*

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

As of 1 January 2005 the financial figures of NIBC Bank N.V. will be based on the IFRS accounting principles.

### *Supervision*

DNB exercises monetary supervision, supervision with respect to the solvency and liquidity of credit institutions, supervision of the administrative organisation of credit institutions and structure supervision relating to credit institutions. To this end, DNB has issued the following general guidelines:

#### *Solvency Supervision*

The guidelines of DNB on solvency supervision require that a credit institution maintains equity in an amount equal to at least 8 per cent. of its risk-bearing operations. These guidelines also impose limitations on the aggregate amount of claims (including extensions of credit) a credit institution may have against one debtor or a group of related debtors.

### *Liquidity Supervision*

The guidelines of DNB relating to liquidity supervision require that a credit institution maintains sufficient liquid assets against certain liabilities of the credit institution. These guidelines impose additional liquidity requirements if the amount of liabilities of a credit institution with respect to one debtor or group of related debtors exceeds a certain limit.

### *Structure Supervision*

The Netherlands Act provides that a credit institution must obtain a declaration of no-objection from the Minister of Finance (or, in certain cases, determined by the Minister of Finance from DNB) before, among other things, (i) reducing its own funds by way of repayment of capital or distribution of reserves, (ii) holding, acquiring or increasing a qualified holding in another enterprise or institution if such qualified holding amounts to or exceeds 10 per cent., (iii) acquiring all or a substantial part of the assets and liabilities of another enterprise or institution, (iv) merging with another enterprise or institution or (v) proceeding to financial or corporate reorganisation. For purposes of The Netherlands Act, qualified holding is defined to mean the holding, directly or indirectly, of an interest of more than 5 per cent. of the issued share capital or voting rights in an enterprise or institution, or a similar form of control.

In addition, any person is permitted to hold, acquire or increase a qualified holding in a credit institution, or to exercise any voting power in connection with such holding, only after such declaration of no-objection has been obtained.

### *Emergencies*

The Netherlands Act contains an emergency regulation which can be declared in respect of a credit institution by a Dutch court at the request of DNB if such credit institution is in a position which requires special measures for the protection of its creditors. As of the date of the emergency, only the court-appointed administrators have the authority to exercise the powers of the representatives of the credit institution. Furthermore, the emergency regulation provides for special measures for the protection of the interests of the creditors of the credit institution. A credit institution can also be declared in a state of bankruptcy by the court.

## **2. TREND INFORMATION**

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

## **3. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

### **3.1 Managing Board and Board of Supervisory Directors**

The Articles of Association of the Issuer provide for management to be carried out by the Managing Board under the supervision of a Board of Supervisory Directors.

The Board of Supervisory Directors (**Supervisory Board**) consists of at least three supervisory directors who are natural persons. The Supervisory Board is responsible for supervising and assisting the Managing Board in the management of the Issuer by giving advice and overseeing the general business of the Issuer. The Managing Board consults the Supervisory Board about all important matters concerning the Issuer's general policies. The Supervisory Directors are appointed, suspended or removed through a general meeting of shareholders. The Supervisory Board may appoint a secretary, who does not have to be a member of that Board. Both the Supervisory Board and the general meeting of shareholders may at any time suspend a member of the Managing Board. The Supervisory Directors are elected for a maximum term of four years (a Supervisory Director may be appointed for a shorter term). Remuneration for Supervisory Directors is determined through a general meeting of shareholders.

The Managing Board consists of at least two members including a Chairman. The Managing Board is responsible for the day to day operations of the Issuer. The Chairman of the Managing Board and the other members of this Board are appointed, suspended or removed by the general meeting of the shareholders. In the event of a contemplated appointment or removal, a general meeting of shareholders shall enable the Supervisory Board to render advice in connection with such appointment or removal. All members of the Managing Board serve the Issuer on a full time basis.

Members of the Managing Board have no fixed term of office but may not stay on the Managing Board past the last day of the month in which they reach age 62. Remuneration for the Managing Board is set by the Supervisory Board.

***Supervisory Board***

J.C. Flowers  
D.B. Marron  
D. Riemker  
N.W. Hoek  
J. Rodriguez Inciarte  
A. de Jong  
W.H. van den Goorbergh  
R. Sinha

***Managing Board***

M. Enthoven	Chairman
J.B.J. Stegmann	Vice Chairman
J.L. van Nieuwenhuizen	Member
C. van Dijkhuizen	

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

The total remuneration of the Managing Board for 2005 amounts to EUR 5.2 million, as specified in the annual report 2005.

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

**3.2 Potential Conflicts of Interests**

No potential conflicts of interests.

**4. MAJOR SHAREHOLDERS**

See the information set out in paragraph 1.3 above.

## NETHERLANDS TAXATION

*The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Securities, which term, for the purpose of this summary, includes coupons, talons and Receipts. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Securities. Each prospective holder of a Security should consult a professional adviser with respect to the tax consequences of an investment in the Securities. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.*

*This summary is based on The Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of the Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.*

*This summary does not address The Netherlands tax consequences of a holder of a Security holding a substantial interest (aanmerkelijk belang) in the Bank, within the meaning of Section 4.3 of the Dutch Income Tax Act 2001 (Wet inkomstenbelasting 2001). Generally speaking, a holder of a Security holds a substantial interest in the Bank, if such holder of a Security, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of five percent or more of the total issued capital of the Bank or of five percent or more of the issued capital of a certain class of shares of the Bank, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Bank.*

The Bank has been advised that under the existing laws of The Netherlands:

- (a) all payments by the Bank under the Securities can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless the Securities qualify as debt as referred to in Article 10, paragraph 1 sub d of the Dutch Corporate Income Tax Act (Wet op de vennootschapsbelasting 1969);
- (b) a holder of a Security who derives income from a Security or who realises a gain on the disposal or redemption of a Security will not be subject to Netherlands taxation on income or capital gains unless:
  - (i) the holder of a Security is treated as resident in The Netherlands for the purpose of the relevant provisions; or
  - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands; or
  - (iii) the holder of a Security is an individual and such income or gain qualifies as income from miscellaneous activities (belastbaar resultaat uit overige werkzaamheden) in The Netherlands as defined in section 3.4 of the Dutch Income Tax Act 2001;
- (c) Netherlands gift, estate or inheritance taxes will not be levied on the occasion of the transfer of a Security by way of gift by, or on the death, of a holder of a Security, unless:
  - (i) the holder of a Security is, or is deemed to be, a resident of The Netherlands for the purpose of the Netherlands gift and inheritance tax (Successiewet 1956);
  - (ii) the transfer is construed as an inheritance or a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be, resident in The Netherlands for the relevant provisions; or
  - (iii) such Security is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands;
- (d) there is no Netherlands registration tax, capital tax, customs duty, stamp duty or any other similar tax or duty other than court fees payable in The Netherlands in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Securities or the performance of the Bank's obligations under the Securities;
- (e) there is no Netherlands value added tax payable in respect of payments in consideration for the issue of a Security or in respect of the payment of interest or principal under the Securities or the transfer of a Security; and

- (f) a holder of a Security will not have a permanent establishment, or be deemed to have a permanent establishment, in The Netherlands by reason only of the holding of a Security or the execution, performance delivery and/or enforcement of a Security.

#### **Taxes on income from and capital gains on the Substituted Preference Shares**

The Bank has been advised that under the existing laws of The Netherlands:

- (a) A holder of Substituted Preference Shares will be subject to Dutch withholding tax on any dividends paid in respect of the Substituted Preference Shares. Dividends include distributions in cash or in kind including deemed and constructive distributions.
- (b) A holder of Substituted Preference Shares may be subject to Dutch withholding tax on any repayment of capital on the Substituted Preference Shares. Currently the rate of Dutch withholding tax is 25%. This percentage may be lowered under a treaty for the avoidance of double taxation if such treaty is applicable.
- (c) Other than that, a holder of Substituted Preference Shares will not be subject to Dutch taxes on income or capital gains in respect of any income received or capital gain realised on the disposal or deemed disposal of Substituted Preference Shares, unless:
- (i) such holder is treated as resident in The Netherlands for the purpose of the relevant provisions; or
  - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands; or
  - (iii) the holder is an individual and such income or gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).
- (d) To the extent that the issuer of the Substituted Preference Shares is a non-Dutch entity and has no nexus with The Netherlands, there will be no Dutch tax consequences for non-Dutch holders having no nexus with The Netherlands.

Holders of Substituted Preference Shares should consult their tax advisers with regard to the tax consequences of holding the Substituted Preference Shares.

#### **Other Taxes and Duties**

No Netherlands VAT, registration tax, stamp duty or other similar documentary tax or duty, other than court fees, will be payable in The Netherlands by the holders of Securities in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Securities.

#### **Taxation in Portugal**

Income generated by the holding (distributions) or transfer (capital gains) of the Securities is generally subject to the Portuguese tax regime for debt securities (*obrigações*). Under current Portuguese law, interest payments in respect of the Securities made to Portuguese tax resident companies are subject to corporate income tax at the rate of 25 per cent., to which is added, in most districts, the maximum of 10 per cent. municipal surcharge (*derrama*) resulting in a combined rate of 27.5 per cent. As a general rule, interest payments on the Securities to Portuguese tax resident individuals are subject to withholding tax for personal income tax purposes at the current definitive rate of 20 per cent.

Capital gains obtained by Portuguese tax resident companies with the transfer of the Securities are subject to corporate income tax in general terms, currently at a rate of 25 per cent. to which is added, in most districts, the maximum of 10 per cent municipal surcharge (*derrama*) resulting in a combined rate of 27.5 per cent. Capital gains obtained by Portuguese tax resident individuals with the transfer of the Securities are excluded from taxation for personal income tax purposes.

By the current laws of Portugal, the Issuer is not required to make any deduction or withholding from any payment of principal or interest due or to become due under the Securities if the recipient is a Portuguese tax residence.

#### **European Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States of the European Union (the Member States and each a Member State) are required, from 1 July 2005, 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. However, for a transitional period, Belgium, 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 agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

## SUBSCRIPTION AND SALE

Morgan Stanley & Co. International Limited of 25 Cabot Square, Canary Wharf, London E14 4QA together with any other banks and financial institutions to be named in the Final Terms (together, the **Managers**) will jointly and severally agree to subscribe for the entire issued amount of the Securities pursuant to a Subscription Agreement (the **Subscription Agreement**) expected to be dated on or about the date of publication of the Final Terms at the issue price of 100 per cent. of the principal amount of the Securities. In addition, the Issuer will agree to indemnify the Managers against certain liabilities incurred in connection with the issue of the Securities and will agree to pay the Managers the commission and expenses specified in the Final Terms. The Managers will be entitled to terminate the Subscription Agreement in certain circumstances before the issue of the Securities.

The Issuer will only offer and allot Securities to the Managers.

The aggregate nominal amount of the issue will be set out in the Final Terms to be published on the date that the Subscription Agreement is entered into. A copy of the Final Terms will be made available as described under "General Information".

The Securities are a new series and carry no pre-emption rights.

### PLAN OF DISTRIBUTION

The Managers will agree in the Subscription Agreement that they will only offer the Securities in accordance with the following restrictions:

#### *United States*

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Securities (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, US persons and that it will have sent to each dealer to which it sells any Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. The terms used in the preceding paragraph and in this paragraph have the meaning assigned to them by Regulation S under Securities Act.

The Securities are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings assigned to them by the US Internal Revenue Code of 1986, as amended and US Treasury regulations issued thereunder.

In addition, until 40 days after the completion of the offering, an offer or sale of Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

#### *European Economic Area*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Manager has represented and agreed 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 Securities 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 Securities to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities 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, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (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; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, 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 Kingdom***

The Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated 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 Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

#### **General**

The Manager has agreed 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 the Securities or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor the Manager shall have any responsibility therefor.

Neither the Issuer nor the Manager represents that the Securities 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.

## GENERAL INFORMATION

1. The Issuer is a public limited liability company incorporated under Netherlands law on 31st October, 1945. Its corporate seat and registered office are situated in The Hague and it is registered at the Commercial Register in The Hague under No. 27032036.
2. The issue of the Securities was duly authorised by a resolution of the Management Board of the Issuer (as set out in the Final Terms).
3. Neither the Issuer nor any of its subsidiaries (together with the Issuer, the **Group**) is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or has had in such period a significant effect on the financial position or profitability of the Issuer or the Group.
4. There has been no significant change in the financial or trading position of the Issuer or of the Group since 31st December 2005 and there has been no material adverse change in the financial position or prospects of the Issuer or of the Group since 31st December, 2004.
5. The financial statements of the Issuer have been audited by PricewaterhouseCoopers Accountants N.V. for each of the two financial years ended on 31st December, 2003 and 2004. Unqualified opinions have been reported on the financial statements for the financial years ended 31st December, 2003 and 2004. At the date of this Prospectus the financial statements for the financial year ended 31st December, 2005 have not been approved by the shareholders of the Issuer nor have they been reported on by the auditors.
6. For as long as any of the Securities remains outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent and the registered office of the Issuer, namely:
  - (a) the Articles of Association of the Issuer;
  - (b) the audited financial statements of the Issuer and its subsidiary undertakings in respect of the years ended 31st December, 2003 and 2004;
  - (c) the unaudited financial statements of the Issuer and its subsidiary undertakings in respect of the year ended 31st December, 2005; and
  - (d) copies of the Trust Deed and the Agency Agreement.Copies of the Prospectus and the Final Terms will be available for viewing during normal business hours at the specified offices of the Paying Agents and on the website of the London Stock Exchange.
7. Application has been made to the UK Listing Authority for Securities to be admitted to the Official List and to the London Stock Exchange for such Securities to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market. The admission of the Securities to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest).
8. The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN Code for this issue is XS0236202197 and the Common Code is 023620219.
9. All Securities will carry a legend to the following effect: "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". The sections referred to in such legend provide that United States persons, with certain exceptions, will not be entitled to deduct any loss, and will not be entitled to capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of a Security.
10. The Issuer currently has, directly or indirectly, a 100 per cent. interest in approximately 90 subsidiaries.
11. Any certificate or report called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of such person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

12. In connection with the requirements of the Dutch Central Bank for qualification of the Securities and the Substituted Preference Shares as Tier 1 capital, the Bank will shortly amend its articles of association. Immediately after that amendment the revised articles of association will be available at the Bank and the Chamber of Commerce.

## FORM OF FINAL TERMS

### Final Terms

#### NIBC Bank N.V. Perpetual Debt Securities

<b>Issue Date:</b>	[Insert]
<b>Rate of Interest:</b>	[Insert] per cent. per annum in respect of each Interest Period from and including the Issue Date up to but excluding the fourth anniversary of the Issue Date.*  A variable rate of interest per annum in respect of each Interest Period from and including the Interest Period commencing on the fourth anniversary of the Issue Date, which is (i) the aggregate of [Insert] per cent. per annum and the annual spot 10 year EUR fixed versus 6 month EURIBOR Swap rate or, if less, (ii) the Floating Rate Cap.
<b>Margin:</b>	[Insert] per cent. per annum.
<b>Floating Rate Cap:</b>	[Insert] per cent. per annum.
<b>Interest Payment Dates:</b>	[Insert.]
<b>Aggregate Nominal Amount of the Perpetual Securities:</b>	€[Insert]
<b>First Call Date:</b>	[Insert]
<b>Net proceeds:</b>	€[Insert]
<b>Managers:</b>	[Insert]
<b>Date of Authorisation for issuance of Securities:</b>	[Insert]
<b>ISIN:</b>	XS[Insert]
<b>Common Code:</b>	[Insert]
<b>Ratings:</b>	[Insert]
<b>Yield:</b>	[Insert]
<b>Total expenses:</b>	[Insert]
<b>Total commission:</b>	[Insert]
<b>Denomination:</b>	[Insert]
<b>Other terms:</b>	[Insert]

#### LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue by NIBC Bank N.V. of the Securities described herein.

#### RESPONSIBILITY

NIBC Bank N.V. accepts responsibility for the information contained in these Final Terms.

Signed on behalf of NIBC Bank N.V.

By:.....  
Duly authorised

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**NIBC Bank N.V.**  
Carnegieplein 4  
2517 KJ The Hague

**AUDITORS OF THE ISSUER**

**PricewaterhouseCoopers Accountants N.V.**  
Prins Bernhardplein 200  
1097 JB Amsterdam

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**  
Fifth Floor  
100 Wood Street  
London EC2V 7EX

**PRINCIPAL PAYING AGENT AND**

**AGENT BANK**  
**Citibank, N.A.**  
Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB

**PAYING AGENT**

**Citibank International plc, Netherlands Branch**  
Europlaza  
Hoogoorddreef 54B  
1101 BE Amsterdam Z.O.  
The Netherlands

**LEGAL ADVISERS**

*To the Manager and the Trustee*

*as to English law*  
**Allen & Overy LLP**  
One New Change  
London EC4M 9QQ

*as to the laws of The Netherlands*  
**Allen & Overy LLP**  
Apollolaan 15  
1077 AB Amsterdam

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**SUPPLEMENT DATED 28 MARCH, 2006 TO THE PROSPECTUS DATED 14 MARCH 2006**

**NIBC BANK N.V.**

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

**Euro Fixed/Floating Rate Perpetual Debt Securities**

This Supplement (the **Supplement**) and the Annex hereto (the **Annex**) to the Prospectus (the **Prospectus**) dated 14 March 2006 which comprises a base prospectus constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**) and is prepared in connection with the Euro Fixed/Floating Rate Perpetual Debt Securities (XS0236202197) issued by NIBC Bank N.V. (the **Issuer**). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer.

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

- (1) References in the Prospectus, including in the Summary annexed hereto, to the First Call Date falling on the fifth anniversary of the Issue Date shall instead be deemed to be references to the sixth anniversary of the Issue Date.
- (2) The day count basis applicable to the Securities from (and including) the Issue Date shall be Actual/Actual (ICMA) (following, unadjusted), such that (i) interest shall be calculated on the basis of the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the number of days in the relevant Interest Period, and (ii) in the event that any Interest Payment Date would fall on a day which is not a Business Day, such Interest Payment Date shall remain unchanged and the provisions of Condition 7.5 shall be applicable.
- (3) References in the Prospectus, including in the Summary annexed hereto, to interest accruing at a fixed rate from and including the Issue Date to but excluding the fourth anniversary of the Issue Date, and thereafter accruing from and including the fourth anniversary of the Issue Date at the Rate of Interest determined in accordance with the provisions of Condition 3.3, shall be deemed to refer instead to interest accruing at a fixed rate from and including the Issue Date to but excluding the fifth anniversary of the Issue Date, and thereafter accruing from and including the fifth anniversary of the Issue Date at the Rate of Interest determined in accordance with the provisions of Condition 3.3.
- (4) The reference in Condition 3.3(d) to the Margin shall be deemed to refer to the period from and including the fifth anniversary of the Issue Date.
- (5) The reference to "Interest Payment Date" in Condition 3.3(e)(iv) shall instead be deemed to be a reference to "Interest Determination Date".

- (6) The reference in Condition 3.3(f) to the Floating Rate Cap being applicable to each Interest Period from and including the Interest Period commencing on the fourth anniversary of the Issue Date shall be deemed to refer instead to each Interest Period from and including the Interest Period commencing on the fifth anniversary of the Issue Date.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus.

## ANNEX 1

### SUMMARY OF THE SECURITIES

This summary must be read as an introduction to this Prospectus and any decision to invest in any Securities should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary (including any translation hereof required by the competent authority of any Member State where an offer to the public of the Securities may be made) unless it is misleading, inaccurate or inconsistent when read together with other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Areas, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

*The following summary refers to certain provisions of the Terms and Conditions of the Securities. Any defined terms used in this summary have the meanings given to them in the Conditions of the Securities.*

The Issuer .....	NIBC Bank N.V., a bank incorporated as a public limited liability company incorporated on 31 <sup>st</sup> October, 1945 whose statutory seat is in The Hague, The Netherlands and is registered at the Chamber of Commerce of The Hague under number 27032036, and whose registered address is Carnegieplein 4, 2517 KJ, The Hague, The Netherlands.	
Trustee.....	The Law Debenture Trust Corporation p.l.c.	A5.4. 8
Redemption .....	The Securities are perpetual securities and have no maturity date. The Securities are redeemable in whole but not in part at the option of the Issuer, and subject to the prior approval of De Nederlandsche Bank N.V. (the DNB), at their principal amount together with all Deferred Coupons, if any, and interest accrued to but excluding the date of redemption on the sixth anniversary of the Issue Date (the <b>First Call Date</b> ) or any Interest Payment Date thereafter.	
Interest.....	<p>The Securities will pay interest at a fixed rate of interest up to but excluding the fifth anniversary of the Issue Date and thereafter at a floating rate at the Rate of Interest (as defined in the Final Terms). Interest will be calculated on an actual/actual (ICMA) (following, unadjusted) basis, and will accrue from and including the immediately preceding Interest Payment Date (or the Issue Date with respect to the interest payable on the first anniversary of the Issue Date) to but excluding the next relevant Interest Payment Date (each such period, an <b>Interest Period</b>).</p> <p>The Issuer will be required to pay interest (a <b>Mandatory Payment Event</b>) on the Securities in full:</p> <ul style="list-style-type: none"><li>(i) for the Interest Period with a related Interest Payment Date that occurs on or immediately following the date of the Issuer's approved annual accounts, if those accounts reflect that the Issuer has earned Distributable Profits (as defined below) for the preceding financial year;</li><li>(ii) if the Issuer declares, pays or distributes a dividend or makes a payment (other than a dividend in the form of Ordinary Shares) on any of the Issuer's Junior Securities or Parity Securities or makes a payment on a Junior Guarantee or Parity Guarantee;</li></ul>	

- (iii) if any of the Issuer's undertakings declares, pays or distributes a dividend on any security or other instrument issued by it benefiting from a Junior Guarantee or Parity Guarantee or makes a payment (other than a dividend in the form of ordinary shares) on any security or other instrument issued by it benefiting from a Junior Guarantee or Parity Guarantee;
- (iv) (with limited exceptions), if the Issuer or any of its undertakings redeems, purchases or otherwise acquires for any consideration any of the Issuer's Junior Securities, any Parity Securities or any securities or other instruments issued by any of the Issuer's undertakings benefiting from a Junior Guarantee or Parity Guarantee.

In addition, if any of the events in (i) to (iv) above occur, Deferred Coupons will become mandatorily due and payable from the date of such occurrence.

**Distributable Profits** for any particular year means the reported net profit for the Issuer, determined in each case after tax and extraordinary items for such year, as derived from the audited consolidated profit and loss account of NIBC Bank N.V. as established by the general meeting of Shareholders of NIBC Bank N.V. in accordance with its articles of association.

Optional deferral of interest ..... The Issuer may at its option defer an interest payment if, since the last Interest Payment Date on which interest was paid (or, in the case of the first Interest Payment Date, the Issue Date) no Mandatory Payment Event has occurred on or before the 20th Business Day preceding the relevant Interest Payment Date on which such interest payment, in the absence of deferral, would be due and payable.

Payments that are not made will be treated as **Deferred Coupons**.

Interest Payment Dates ..... Subject as described below, Coupons will be payable on each Interest Payment Date (as defined in the Final Terms) annually in arrear.

Subordination ..... The rights and claims of the investors in Securities are subordinated to all obligations of the Issuer including tier 2 instruments. Upon any winding-up or liquidation of the Issuer, the holder of each Security will effectively from a financial point of view rank *pari passu* with the holders of the most senior class or classes of preference shares (if any) or other hybrid tier 1 securities, issued directly or indirectly, or guarantees ranking effectively from a financial point of view *pari passu* with such preference shares (if any) or other hybrid tier 1 securities of the Issuer then in issue (collectively such preference shares and guarantees will be **Parity Securities**) and in priority to all other shareholders of the Issuer.

A5.4.5

So long as any of the Securities remains outstanding, the Issuer will not issue any preference shares (or securities akin to preference shares as regards distributions or return of assets upon liquidation) or give any guarantee or contractual support arrangement in respect of any of the Issuer's preference shares or such other securities or in respect of any other subsidiary if such preference shares, preferred securities, guarantees or contractual support arrangements would rank (as regards distributions or return of assets upon liquidation) senior to the Securities, unless the Issuer alters the terms of the Securities such that the Securities rank *pari passu* effectively from a financial point of view with any such preference shares, such other similar securities or such guarantee or support undertaking.

Alternative Coupon Satisfaction  
Mechanism ..... The Issuer must satisfy its obligations to pay any Deferred Coupons only by issuing a sufficient value of preference shares such that when such preference shares are sold, such sale will provide enough cash to enable the

Issuer to make full payments to investors in the Securities in respect of the relevant payment. The Shareholders of the Issuer will have a right of first refusal regarding the preference shares issued under the Alternative Coupon Satisfaction Mechanism.

The shareholders of the Issuer have authorized the issuance of sufficient preference shares to enable the Issuer to meet its obligations for one year's Coupons in accordance with the Alternative Coupon Satisfaction Mechanism. In the event that further preference shares are required, the Issuer will seek authorisation for further issues from its shareholders.

Dividend Stopper..... The Issuer will agree in the Trust Deed that, as long as Deferred Coupons are outstanding, the Issuer will not recommend to its shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent, any action that would constitute a Mandatory Payment Event (other than a Mandatory Payment Event arising out of the existence of Distributable Profits).

Supervisory Event ..... Upon the occurrence of a Supervisory Event, the Securities will be automatically converted in whole and not in part to perpetual preference shares of the Issuer (**Converted Preference Shares**). A **Supervisory Event** occurs when the amount of capital of the Issuer on a consolidated basis declines below the minimum percentage stipulated by the DNB from time to time in accordance with the Basle Accord in its general guidelines (currently, total capital ratio of 8% on a consolidated basis).

Converted Preference Shares ..... The Converted Preference Shares will be depositary receipts for preference shares directly issued by the Issuer to investors in Securities in exchange for their Securities following a Supervisory Event. The liquidation preference of the Converted Preference Shares so issued will equal the principal amount of the Securities together with Deferred Coupons and all other amounts outstanding thereon (including Additional Amounts, if any).

The Issuer will take all reasonable steps to ensure that it will have a sufficient number of authorised but unissued Converted Preference Shares to permit the substitution of all outstanding Securities.

Additional Amounts ..... The Issuer will pay additional amounts (**Additional Amounts**) to investors in Securities to gross up Coupon payments upon the imposition of Dutch withholding tax, subject to customary exceptions.

Tax/Regulatory Redemption ..... **Tax:** Upon the occurrence of certain changes in the treatment of the Securities for taxation purposes (loss of deductibility or payments subject to withholding tax), the Issuer may, subject to the prior consent of the DNB, redeem all, but not some only, of the Securities on the next Interest Payment Date at the principal amount per Security together with Deferred Coupons and all other amounts outstanding thereon.

A5.4.8

**Regulatory:** The Securities will constitute Tier 1 Capital for the purposes of the DNB's capital adequacy regulation of the Issuer. If at any time, the DNB gives notice to the Issuer to the effect that the Securities may not be included in the consolidated Tier 1 Capital of the Issuer, other than through exceeding Tier 1 limits, the Issuer may, redeem the Securities at the Early Redemption Date for the principal amount per Security together with Deferred Coupons and all other amounts outstanding.

Governing Law..... The Securities will be governed by English law, save that the subordination provisions will be governed by the laws of The Netherlands.

A5.4.2

Final Terms ..... The following information will be contained in the Final Terms:

- Interest Payment Dates;

- Rate of Interest;
- Margin;
- Floating Rate Cap;
- Issue Date;
- First Call Date;
- aggregate nominal amount;
- net proceeds;
- ratings;
- Managers;
- date(s) of Authorisation for issuance of Securities;
- yield;
- denomination;
- ISIN; and
- common code.

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28<sup>th</sup> March, 2006

**Final Terms**

**NIBC Bank N.V.  
Perpetual Debt Securities**

**Issue Date:** 30th March 2006

**Rate of Interest:** 8.00 per cent. per annum in respect of each Interest Period from and including the Issue Date up to but excluding the fifth anniversary of the Issue Date.

A variable rate of interest per annum in respect of each Interest Period from and including the Interest Period commencing on the fifth anniversary of the Issue Date, which is (i) the aggregate of the Margin and the Reference Rate or, if less, (ii) the Floating Rate Cap.

**Margin:** 0.10 per cent. per annum.

**Floating Rate Cap:** 8.00 per cent. per annum.

**Interest Payment Dates:** 30th March in each year

**Aggregate Nominal Amount of the Perpetual Securities:** €100,000,000

**First Call Date:** 30th March, 2012

**Net proceeds:** €98,000,000, before expenses

**Manager:** Morgan Stanley & Co. International Limited  
25 Cabot Square  
Canary Wharf  
London E14 4QA

**Date of Authorisation for issuance of Securities:** 22 February 2006

**ISIN:** XS0249580357

**Common Code:** 024958035

**Ratings:** Moody's Investors Services: Baa2  
Standard & Poors: BBB  
Fitch: A-

**Yield:** There is no declarable yield on the Securities

**Total expenses:** Approximately £200,000

**Total commission:** 2.00 per cent. of Aggregate Nominal Amount.

The commission stated above shall be reimbursed to the Issuer via an associated derivative transaction in order to match the Issuer's associated funding amount to the aggregate nominal amount of the Securities.

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**Denomination:** € 1,000

**Other terms:** The Issuer may from time to time, without the consent of the Security holders, create and issue further Securities having the same terms and conditions as the Securities (except for the Issue Price, Issue Date and the first Interest Payment Date) and so that the same shall be consolidated and form a single series with the Securities. If any such further Securities are issued prior to the exchange of the Temporary Global Security representing the Securities for interests in a Permanent Global Security, the Exchange Date for the Securities may be extended without the consent of the holders of the Securities, to coincide with the applicable Exchange Date for such further issue.

The Issuer may enter into an arrangement with the Manager whereby the Issuer may agree to acquire from the Manager the Securities up to the entire issue amount. Such Securities so acquired by the Issuer may be cancelled by the Issuer in accordance with Condition 8.6. Any such cancelled Securities may be refinanced through a further issue with different terms.

#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue by NIBC Bank N.V. of the Securities described herein.

#### **RESPONSIBILITY**

NIBC Bank N.V. accepts responsibility for the information contained in these Final Terms.

Signed on behalf of NIBC Bank N.V.

By: **FRENK VAN DER VLIET**

NIBC Bank N.V.  
Managing Director

**NIEK ALLON**

NIBC Bank N.V.  
Investments and Funding