

INFORMATION MEMORANDUM

# Dutch Municipalities

## **Unlimited Medium Term Note Programme**

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Under this unlimited Medium Term Note Programme (the "**Programme**") any participating Dutch municipality (*gemeente*) (each an "**Issuer**" and together the "**Issuers**") may, acting individually, from time to time issue notes (the "**Notes**") denominated in Euros.

This information memorandum (the "**Information Memorandum**") has not been approved by any competent regulatory authority for the purpose of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") as the Prospectus Regulation does not apply to the offering to the public of non-equity securities issued by regional or local authorities of a Member State. The Notes issued under this Programme will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

Dutch municipalities may participate in the Programme by executing a Programme Agreement (as defined herein) as described under "*Key Features of the Programme*" herein. Notes may be issued by an Issuer completing a Global Note as described under "*Form of Notes and final terms*" herein.

The Notes will be offered on a continuing basis (i) through one or more of the dealers specified herein and any additional dealer appointed under a Programme Agreement (each a "**Dealer**" and together the "**Dealers**") and/or (ii) directly to end investors without the intermediation of any Dealer. The Dealer or Dealers with whom an Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the "relevant Dealer" in respect of those Notes.

Notes of each tranche will be represented by a Global Note to bearer which will be deposited on or about the issue date thereof with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. or its legal successor ("**Euroclear Nederland**"). Delivery of Notes can take place through Euroclear Bank S.A./N.V. of Brussels, Belgium as operator of the Euroclear System and/or Clearstream Banking, *société anonyme*, Luxembourg. See "*Delivery, Clearing and Custody*" herein.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S ("**Regulation S**") under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The Notes will be issued in bearer form only and are subject to United States tax law requirements. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Information Memorandum, see "*Plan of Distribution*" herein.

### **PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO THE FACTORS DESCRIBED UNDER THE SECTION HEADED "RISK FACTORS" IN THIS INFORMATION MEMORANDUM.**

This Information Memorandum must be read and construed together with any supplement hereto and with the documents incorporated by reference herein (which can be found on the website of the Issuing and Paying Agent, [www.bngbank.nl](http://www.bngbank.nl)), and in relation to any Notes, this Information Memorandum should be read and construed together with the relevant Global Note.

*Arranger*  
**BNG Bank N.V.**

*Principal Dealers*  
**ABN AMRO Bank N.V.**  
**Coöperatieve Rabobank U.A.**  
**ING Bank N.V.**

The date of this Information Memorandum is 16 July 2020 and it replaces the information memorandum dated 1 April 2019.

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## IMPORTANT NOTICES

The Issuers have not authorised the making or provision of any representation or information regarding the Issuers or the Notes other than as contained or incorporated by reference in this Information Memorandum, a Global Note or as approved in writing for such purpose by the Issuers. Any such representation or information should not be relied upon as having been authorised by the Issuers or the Dealers.

Neither this Information Memorandum nor any other information supplied in connection with the Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by any Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any other information supplied in connection with the Programme should purchase any Notes.

Neither the Arranger, the Dealers nor any of their respective affiliates have authorised the whole or any part of this Information Memorandum. Accordingly, no representation, warranty or undertaking, expressly or implied, is made and no responsibility is accepted by the Arranger or the Dealers, in their capacity as such, as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by any Issuer. The delivery of this Information Memorandum and the offering, sale or delivery of any Notes shall not in any circumstances create any implication that there has been no adverse change in the risks relating to the Issuers or the Notes since the date hereof or, as the case may be, the date upon which the Information Memorandum has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects of the Issuers or the Notes since the date hereof or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

The distribution of this Information Memorandum and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Information Memorandum and other offering material relating to the Notes see "*Plan of Distribution*" herein.

In particular, the Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The Notes are subject to U.S. tax law requirements and must be issued and delivered outside the United States or its possessions in connection with their original issuance, as those terms are defined in the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and by the U.S. Treasury Regulations thereunder.

The Programme and the Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy of this Information Memorandum. Any representation to the contrary is a criminal offence in the United States.

Neither this Information Memorandum, nor any other information supplied in connection with the Programme, constitutes an offer of, or an invitation by or on behalf of any Issuer, the Arranger or any of the Dealers to any person to subscribe for or purchase, any Notes and should not be considered as a recommendation by any of the Issuers or the Dealers that any recipient of this Information Memorandum should subscribe for or purchase any Notes. Each recipient and each investor contemplating to purchase any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer.

All references in this document to 'Euro' refer to the single currency of a member state of the European Union that adopts or has adopted the Euro as its lawful currency under the legislation of the European Union for the European Monetary Union.

## **RISK FACTORS**

*Prospective investors should read the entire Information Memorandum.*

*The Issuers believe that the factors described below represent the principal risks relevant in relation to investing in Notes issued under the Programme. The risks described below are not the only risks the Issuers face. Additional risks and uncertainties not presently known to the Issuers or that they currently believe to be immaterial could also have a material impact on the price of the Notes. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum or the information which is generally available on the Issuers to reach their own views prior to making any investment decision.*

*Words and expressions defined in the Terms and Conditions (as defined herein) or elsewhere in this Information Memorandum have the same meanings in this section, unless otherwise stated. Prospective investors should consider, among other things, the following.*

### **Factors which might affect an investor's ability to make an informed assessment of the risks associated with the Notes**

Each potential investor in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Each potential investor must determine the suitability of that investment in light of its own circumstances. The following factors might affect a potential investor's ability to appreciate the risk factors outlined below, placing such potential investor at a greater risk of receiving a lesser return on its investment:

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined below;
- (ii) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on its overall investment portfolio;
- (iii) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the currency in which the investor's financial activities are denominated principally;
- (iv) if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) as such an investor is more vulnerable from any fluctuations in the financial markets generally; and
- (v) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **Risks related to the Issuers**

The credit quality of Dutch municipalities is similar to that of the Dutch central state, due to the statutory and institutional framework that regulates their financial position. Lending to Dutch municipalities is given the same solvency weighting by the Dutch Central Bank as the Dutch central government. For more information reference is made to the paragraph "*The credit quality of Dutch municipalities*".

### **Risks related to the market for the Notes**

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

#### *Liquidity risk*

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

secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market value of Notes.

#### *Exchange rate risk and exchange controls*

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

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

#### *Interest rate risk*

Investment in Notes bearing interest on a fixed rate basis involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

#### **Risks related to a substantial discount or premium**

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

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

##### *Tax consequences of holding the Notes*

Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, holding and disposing of Notes in its particular circumstances. For a general summary of certain material Netherlands tax consequences see "*Netherlands Taxation*" herein.

##### *Notes held in global form*

For as long as any Notes are represented by a Global Note held by Euroclear Nederland payments of principal, interest (if any) and any other amounts due in respect of the Notes will be made through Euroclear Nederland against presentation and surrender of the relevant Global Note. The bearer of the relevant Global Note, being Euroclear Nederland, shall be treated by the relevant Issuer as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear Nederland to receive payments under the relevant Notes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear Nederland.

##### *Restrictions on transfer*

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. See "*Plan of Distribution*" herein.

##### *Nominee arrangements*

Where, in the case of an issue of Notes a nominee service provider is used by an investor to hold the relevant Notes or such investor holds interests in any Notes through accounts with a settlement system (such as Euroclear Nederland, Euroclear Bank S.A./N.V. and/or Clearstream Banking, *société anonyme*, Luxembourg), such investor will receive payments in respect of principal, interest, (if any) or any other

amounts due, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or settlement system, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or settlement system to distribute all payments attributable to the relevant Notes which are received from the relevant Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or settlement system, as well as the relevant Issuer.

For the purposes of distributing any notices to holders of Notes the Issuers will recognise as holders of Notes only those persons who are at any time shown as accountholders in the records of Euroclear Nederland as persons holding a principal amount of the relevant Notes. Accordingly, an investor must rely upon the nominee service provider which is the accountholder with the relevant settlement system through which the investor made arrangements to invest in the Notes (and, if applicable, the domestic settlement system through which the Notes are held), to forward notices received by it from Euroclear Nederland or other settlement system and to return the investor's voting instructions or voting certificate application to Euroclear Nederland or such other settlement system. Accordingly, such an investor will be exposed to the risk that the relevant nominee service provider or settlement system may fail to pass on the relevant notice to, or fail to take relevant instructions from, the investor.

In addition, such a holder of a Note will only be able to sell any Note held by it prior to its stated maturity date with the assistance of the relevant nominee service provider.

None of the Issuers, the Arranger, any Dealer to be appointed under the Programme or the Issuing and Paying Agent shall be responsible for the acts or omissions of any relevant nominee service provider or settlement system nor makes any representation or warranty, express or implied, as to the services provided by any relevant nominee service provider or settlement system.

#### *Change of law and jurisdiction*

The terms and conditions of the Notes are governed by the laws of the Netherlands in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible change to the laws of the Netherlands or administrative practice after the date of this Information Memorandum.

Prospective investors should note that the courts of the Netherlands shall have jurisdiction in respect of any disputes involving any Notes. Holders of Notes may take any suit, action or proceedings arising out of or in connection with the Notes against the relevant Issuer in any court of competent jurisdiction. The laws of the Netherlands may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes. Furthermore, no assurance can be given that any court of competent foreign jurisdiction shall apply Netherlands law in all material respects.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum, but excluding the provisions relating to the interest on Floating Rate Notes (as defined therein) included in the terms and conditions as stated below:

- the terms and conditions as included in the information memorandum in relation to the Programme dated 1 April 2019;
- the terms and conditions as included in the information memorandum in relation to the Programme dated 3 July 2017;
- the terms and conditions as included in the information memorandum in relation to the Programme dated 2 November 2015;
- the terms and conditions as included in the information memorandum in relation to the Programme dated 1 February 2012;
- the terms and conditions as included in the prospectus in relation to the Programme dated 1 December 2002;
- all supplements to this Information Memorandum circulated by a relevant Issuer from time to time in accordance with the undertaking given by it in the Programme Agreement (as described below in "*Key Features of the Programme*"); and
- with respect to any tranche of Notes, the Global Note which constitutes such tranche,

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuers will, through the Issuing and Paying Agent for the Notes, during an offering period to any person to whom a copy of this Information Memorandum was delivered or thereafter to any person who holds Notes provide, without charge, upon the electronic request of such person, an electronic copy of any or all of the documents incorporated herein by reference (except for Global Notes comprising Notes not held by such person) and a copy of this Information Memorandum and, where appropriate, English translations of any or all such documents. Electronic requests for such documents should be directed to [BO.Settlements@bngbank.nl](mailto:BO.Settlements@bngbank.nl), as long as BNG Bank N.V. acts as Issuing and Paying Agent.

If the terms of the Programme are modified or amended in a manner which would make the Information Memorandum, as supplemented, inaccurate or misleading, a new Information Memorandum or a supplement to the Information Memorandum will be prepared.



## KEY FEATURES OF THE PROGRAMME

The following is a brief summary only and should be read, in relation to any tranche of Notes, in conjunction with the relevant Global Note and, to the extent applicable, the Terms and Conditions of the Notes set out below. Words and expressions defined in the section "*Terms and Conditions of the Notes*" below or elsewhere in this Information Memorandum have the same meanings in this general description of the Programme.

<b>Issuers:</b>	Each participating Dutch municipality.
<b>Description:</b>	Unlimited Medium Term Note Programme Dutch Municipalities.
<b>Risk Factors:</b>	Investing in the Notes issued under the Programme involves certain risks. The principal risk factors are discussed under " <i>Risk Factors</i> ".
<b>Direct issuance</b>	Each Issuer may issue Notes directly to end investors without the intermediation of any Dealer.
<b>Programme:</b>	Each Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes under the Programme denominated in Euro. Notes will be issued in tranches (each a " <b>Tranche</b> "). The Notes of each Tranche will be intended to be interchangeable among themselves and will all be subject to identical terms. Each Tranche will be issued pursuant to the Information Memorandum as amended and/or supplemented by the relevant Global Note. The terms and conditions applicable to each Tranche will be those set out in this Information Memorandum as specified in, and supplemented, modified or varied by the relevant Global Note. The final terms not contained herein with respect to each Tranche of Notes will be determined at the time of issuance and set forth in the applicable Global Note.
<b>Size:</b>	Unlimited.
<b>Arranger:</b>	BNG Bank N.V.
<b>Principal Dealers:</b>	ABN AMRO Bank N.V., Coöperatieve Rabobank U.A. and ING Bank N.V.
<b>Additional Dealers:</b>	Additional Dealers may be appointed by an Issuer under its Programme Agreement in accordance with the General Programme Provisions.
<b>Issuing and Paying Agent:</b>	BNG Bank N.V. or, if any successor to BNG Bank N.V. in its capacity as Issuing and Paying Agent has been appointed in accordance with the Programme Agreement, such successor.
<b>Programme Agreement</b>	Each Issuer will enter into a programme agreement ( <i>Programma-overeenkomst</i> ) (which will incorporate the General Programme Provisions ( <i>Algemene Programmabepalingen</i> ) originally dated 12 May 1998 and amended on 4 January 1999, on 1 December 2002, 1 February 2012, 2 November 2015, 3 July 2017, 1 April 2019 and 16 July 2020, and as may be further amended from time to time) with the Dealers, the Issuing and Paying Agent and the Arranger.
<b>Delivery, Clearing and Custody</b>	The Global Notes will be deposited on or about the issue date thereof by the Issuing and Paying Agent with Euroclear Nederland. Delivery of the Notes shall take place solely between or through the intermediary of participants of Euroclear Nederland (which includes Euroclear Bank S.A./N.V. of Brussels, Belgium as operator of the Euroclear System and Clearstream Banking, <i>société anonyme</i> , Luxembourg). The safe custody of the Global Note by Euroclear Nederland shall for the entire period be governed solely by the Netherlands Giro Securities Transfer Act ( <i>Wet giraal effectenverkeer</i> ) (hereinafter: the " <b>Act</b> "), the general

terms and conditions, operational manuals, guidelines and detailed service descriptions of Euroclear Nederland as amended from time to time and any applicable regulation promulgated under the Act.

<b>Form of Notes:</b>	Each issue by an Issuer will be represented by a Global Note to bearer. By purchasing a Note, the buyer will be bound by the applicable Terms and Conditions set out herein and referred to therein. Notes will be administered on an account at the participant of Euroclear Nederland opted for by the buyer. See " <i>Form of Notes and final terms</i> " herein for further information.
<b>Interest:</b>	Notes are interest-bearing and will be at a fixed rate. Interest will be payable in arrear on the date or dates in each year, half year or quarter specified in the relevant Global Note and at maturity.
<b>Redemption:</b>	The Notes may be repayable in full at the Maturity Date or in two or more instalments in such amounts and on such dates as specified in the relevant Global Note.
<b>Events of Default:</b>	The events of default under the Notes are as specified in Condition 7 ( <i>Events of Default</i> ).
<b>Status of the Notes:</b>	The Notes will constitute direct and unsecured obligations of the relevant Issuer and will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the relevant Issuer save for those preferred by mandatory operation of law.
<b>Currencies:</b>	Notes may only be denominated in Euro.
<b>Maturities:</b>	Notes issued under the Programme shall have a minimum maturity of one year and a maximum maturity of fifty years, subject to compliance with all applicable legal, regulatory and/or central bank requirements.
<b>Denominations</b>	Notes will be issued in such denominations as may be specified in the relevant Global Notes, provided that all Notes shall have a denomination of at least 100,000 Euros, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Early Redemption</b>	Early redemption shall only be permitted as described in Condition 5.2 by way of repurchase and for taxation reasons as mentioned in Condition 6.2.
<b>Taxation:</b>	Payments in respect of Notes will be made without withholding in respect of taxes imposed by or in the Netherlands or, if such taxes are required to be withheld, will be increased, subject to the exceptions set out in Condition 6 ( <i>Taxation</i> ).
<b>Cross Default:</b>	None.
<b>Negative Pledge:</b>	None.
<b>Governing Law and Jurisdiction:</b>	The Global Note, Notes and all related contractual documentation will be governed by, and construed in accordance with, the laws of the Netherlands. The courts of the Netherlands will have exclusive jurisdiction to settle any disputes in connection with the above documents. All disputes in connection with the above documents shall in the first instance be submitted to the competent court in Amsterdam.

**Listing and Trading**

No applications have been or will be made for Notes to be admitted to listing, trading and/or quotation on any stock exchange and/or quotation system.

**Selling Restrictions:**

There is a general selling restriction and there are selling restrictions in relation to the United States of America and the United Kingdom in connection with the offer, sale or transfer of Notes. See "*Plan of Distribution*" herein.

**Ratings:**

The Notes nor the Programme are expected to be rated.

## FORM OF NOTES AND FINAL TERMS

Each issue by an Issuer will be represented by a global note to bearer (a "**Global Note**"). This Global Note represents the stated number of Notes. Other than this Global Note, no definitive notes representing the Notes shall be issued. By purchasing a Note, the buyer will be bound by the Terms and Conditions specified in the Global Note. Notes will be administered on an account at the participant of Euroclear Nederland opted for by the buyer.

The final terms of each issue, such as the issue date, interest rate, interest payment dates and redemption date, will be as set out in the relevant Global Note. The issue price of any Notes will be agreed upon in a confirmation made between the Dealer or the investor, as the case may be, and the Issuer of such Notes prior to the issuance thereof.

A Global Note is not exchangeable, neither in whole nor in part, for separate securities. Delivery of Notes to joint owners (*deelgenoten*), referred to in the Netherlands Giro Securities Transfer Act (*Wet giraal effectenverkeer*), is not possible.

The general terms and conditions, operational manuals, guidelines and detailed service descriptions of Euroclear Nederland as amended from time to time and any applicable regulation promulgated under the Netherlands Giro Securities Transfer Act, each as amended from time to time (the "**Rules and Procedures**"), apply to Euroclear Nederland's safekeeping of a Global Note. In case of conflict between any of the Rules and Procedures and the Terms and Conditions applicable to the Notes, then the first will prevail.

A Global Note shall be governed by and shall be construed in accordance with the laws of the Netherlands. All disputes in respect of a Global Note shall in first instance be submitted to the District Court of Amsterdam, which shall have exclusive jurisdiction with respect thereto.

Notes which are represented by a Global Note will be transferable only in accordance with the Rules and Procedures for the time being.

The form of the Global Note is included in the General Programme Provisions.

## TERMS AND CONDITIONS OF THE NOTES

### 1. Definitions

"**Business Day**" means a TARGET Business Day on which commercial banks in Amsterdam commonly settle payments in Euro and on which Euroclear Nederland (as defined in Condition 10.1) settles securities transactions.

"**Global Note**" means the global note which refers to these Terms and Conditions.

"**Notes**" means any notes constituted by the Global Note.

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**TARGET Business Day**" means any day on which TARGET2 is open for the settlement of payments in Euro.

Capitalised terms not defined herein shall have the meaning given thereto in the Global Note.

### 2. Status of the Notes

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

### 3. Redemption

3.1 In respect of each Note the Issuer shall either repay the aggregate outstanding principal amount on the Maturity Date or the Instalment Amounts on the Instalment Dates and the Maturity Date.

3.2 If the Maturity Date or an Instalment Date would fall on a day which is not a Business Day, the aggregate outstanding principal amount or the Instalment Amount due on the Maturity Date or the Instalment Date will instead mature on the following Business Day, unless in such case the Maturity Date or the Instalment Date would fall in the next month in which case the Maturity Date or the Instalment Date will be the preceding Business Day.

### 4. Interest on Notes

4.1 Notes shall bear interest from their Interest Commencement Date the rate specified in the Global Note without prejudice to the provisions of Condition 8 (*Interest at statutory rate*). Such interest will be payable in arrear on each Interest Payment Date and Maturity Date. Each Note will cease to bear interest from the Maturity Date unless, upon due presentation, payment of the redemption amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (*Interest on Notes*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder of a Note and (ii) the day which is seven days after the Issuing and Paying Agent has notified the holder of a Note that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

4.2 The amount of interest payable in respect of each Note for any period shall be calculated by applying the rate of interest to the aggregate outstanding principal amount of such Note, multiplying the product by the Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The Issuing and Paying Agent shall determine the amounts of interest. The determination by the Issuing and Paying Agent of amounts of interest shall, in the absence of manifest error, be binding and final on all parties.

4.3 In this Condition 4 (*Interest on Notes*) the following expressions have the following meanings:

"**Day Count Fraction**" means, in respect of the calculation of interest over any period of time (the "**Calculation Period**"), Actual/Actual (ICMA) meaning:

- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
- (b) where the Calculation Period is longer than one Regular Period, the sum of:
  - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year.

**"Interest Payment Date"** means the date or dates specified as such in the Global Note and if such date is not a Business Day, the relevant date shall be postponed to the first following day that is a Business Day.

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

## 5. Redemption and Purchase

- 5.1 Early redemption of the Notes is not allowed, other than in accordance with Condition 5.2 or Condition 6.2.
- 5.2 The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes so purchased by the Issuer may be held or resold or surrendered for cancellation.

## 6. Taxation

- 6.1 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise), in respect of the Notes, will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the holders of Notes after such withholding or deduction shall equal the respective amounts which would have been receivable in the absence of such withholding or deduction, except that no such additional amounts shall be payable in respect of payment in respect of any Note under any of the following circumstances:
  - (i) the holder or beneficial owner of the Note is liable to such taxes, duties, assessments or charges in respect of such Note by reason of its having or having had some connection with the Netherlands other than the mere holding of the Note or the mere receipt of payments under such Note; or

- (ii) the holder or beneficial owner of the Note would otherwise not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption or reduction as foreseen in the laws of the Netherlands or in the relevant treaties for the avoidance of double taxation to the relevant tax authorities or could avoid such withholding or deduction by providing information or a certification concerning nationality, residence, or identity satisfying any other information or reporting requirement imposed by the relevant authority; or
- (iii) the Note is presented (where presentation is required) more than thirty days after the Relevant Date, except to the extent that the relevant holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or
- (iv) the withholding or deduction is imposed on a holder or beneficial holder who would have been able to avoid such withholding or deduction by presenting the relevant Note (where presentation is required) to another Issuing and Paying Agent.

In addition, additional amounts will not be paid with respect to:

- (v) any payment on or with respect to the Notes to any holder that is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of the Notes to the extent such payment would be required under Dutch tax laws to be included in the income of a beneficiary or settlor with respect to such fiduciary, a member of such partnership, an interest holder in such limited liability company or a beneficial owner that would not have been entitled to such additional amounts had such beneficiary, settlor, member, interest holder or beneficial owner been the Holder of the relevant Notes; and
- (vi) any withholding or deduction imposed pursuant to, or in connection with, an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder, any official interpretations thereof, any intergovernmental agreement with respect thereto or any law implementing, or relating to, an intergovernmental agreement ("**FATCA**").

For the purposes of this Condition 6, the "**Relevant Date**" means the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issuing and Paying Agent on or prior to such due date, it means the first date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the holders of the Notes constituted by the relevant Global Note in accordance with Condition 12 (*Notices*).

Any reference in these Terms and Conditions to principal or interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 6 or any undertaking given in addition thereto or in substitution therefor.

The relevant Global Note may set forth certain additional tax consequences to holders of the Notes constituted thereby.

- 6.2 If, in relation to any Series of Notes and as a result of any change in or amendment to applicable law (which change or amendment becomes effective after the date of this Information Memorandum), the Issuer determines that it would, on the occasion of the next payment in respect of such Notes, be required to pay additional amounts in accordance with this Condition 6 and that such obligation is not avoidable by the taking of reasonable measures available to the Issuer, then the Issuer may, upon the expiry of the appropriate notice, redeem all (but not some only) of the Notes comprising the relevant Series early together with accrued interest (if any) thereon.
- 6.3 The appropriate notice referred to in Conditions 6.2 is a notice given by the Issuer to the Issuing and Paying Agent and the Investors of the relevant Notes (in accordance with Condition 12 (*Notices*)), which notice shall be duly signed on behalf of the Issuer and shall specify:
- (i) the Notes subject to redemption;
  - (ii) the due date for such redemption, which shall be a Business Day which is not less than thirty days (or such lesser period as may be specified in the relevant Global Note) after the date on which such notice is validly given, which is (in the case of a redemption pursuant to Condition 6.2) not earlier than sixty days before the earliest date on which the Issuer would

(if a payment were then to be made in respect of such Notes) be obliged to pay additional amounts in accordance with this Condition 6;

- (iii) the circumstances giving rise to the Issuer's entitlement to effect such redemption in accordance with Condition 6.2; and
- (iv) that a named firm of lawyers in the applicable jurisdiction of recognised standing has given an opinion (a copy of which is attached to the notice) to the effect that the Issuer would, on the occasion of the next payment in respect of such Notes, be obliged to pay additional amounts in accordance with Condition 6.1.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the Issuer to make the redemption therein specified.

## **7. Events of Default**

Upon occurrence of any of the following events (each an "**Event of Default**"):

- (i) the Issuer fails to pay any amount due on any Note on the due date and the default continues for a period of fourteen (14) days; or
- (ii) a substantial part of the assets of the Issuer has been attached by an executory attachment (*executoriaal beslag*) which has or is likely to have a material adverse effect on the continuation of business of the Issuer and such attachment has not been lifted within thirty (30) days; or
- (iii) the Issuer has filed for a "moratorium of payments" (*surseance van betaling*), has filed for bankruptcy or has been declared bankrupt or has filed for or is subject to any proceedings comparable with "moratorium of payments" or bankruptcy;

then the holder of a Note may declare such Note immediately due and payable at par and demand prompt payment of the aggregate outstanding principal amount of such Note together with the interest accrued thereon up to the date of actual payment.

## **8. Interest at statutory rate**

In the event that the Issuer fails to pay any amount due hereunder in full, then, without summons being required, the Issuer shall pay to the holder of a Note interest at the rate of the statutory interest (*wettelijke rente*) with respect to each such amount or the unpaid balance thereof from (and including) the date such amount became due until the date of full payment. In addition, the Issuer shall reimburse to the holder of a Note any costs properly incurred by the holder of a Note in the collection of payment on each Note. Any payment will be applied first towards or in reimbursement of the costs, second towards or in satisfaction of (i) statutory interest and (ii) interest on the Notes with respect to all Notes pro rata parte and a balance, if any, towards or in repayment of the Amounts of Principal pro rata parte.

## **9. No defence, no set off**

The Issuer shall have no defence against any claim for payment under a Note (notably the Issuer shall not have the right to set off its obligations under a Note against any obligation of the holder of such Note owing - or claimed to be owing - to the Issuer), except that, if and to the extent applicable, the Issuer shall have the right to demonstrate that it has fulfilled its obligations under such Note.

## **10. Deposit of Global Note**

- 10.1 The Issuing and Paying Agent will deposit the Global Note for safe custody on behalf of the holder of a Note with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**") in Amsterdam, the Netherlands. As long as the Global Note is placed in the safe custody of Euroclear Nederland, such safe custody shall be governed exclusively by the Netherlands Giro Securities Transfer Act (*Wet giraal effectenverkeer*) (hereinafter: the "**Act**"), the general terms and conditions, operational manuals, guidelines and detailed service descriptions of Euroclear Nederland as amended from time to time and any applicable regulation promulgated under the Act (hereinafter also collectively to be referred to as: the "**Euroclear Nederland Regulations**").



In the event that any of these Terms and Conditions are in conflict with the Act or the Euroclear Nederland Regulations, the latter provisions shall prevail in that order.

- 10.2 The Global Note, when placed in Euroclear Nederland's custody, shall belong to a community subdivided into as many equal participations (*coupures*) which shall be equal to the denomination (the "**Participations**") as there are Notes represented by the Global Note. Each such Participation shall be deemed to be a "Note" for purposes of the Global Note and these Terms and Conditions. The Participations shall be delivered by giro transfer through Euroclear Nederland, in exclusive conformity with the Act and the Euroclear Nederland Regulations. Transfer and acquisition of Participations by giro transfer shall only take place between or through the intermediary of participants of Euroclear Nederland (the "**Participants**").
- 10.3 On the Maturity Date, on any Interest Payment Date as well as each time Euroclear Nederland deems it necessary, the Issuer shall make funds available to the Issuing and Paying Agent which will transfer these funds to its account with the Dutch Central Bank for distribution by Euroclear Nederland to the Participants in accordance with these Terms and Conditions.
- 10.4 If the Global Note is lost, stolen, mutilated or destroyed before the aggregate outstanding principal amount of the Notes represented by such Global Note or any other sums due in respect hereof have been paid in full, the Issuer shall at Euroclear Nederland's request issue a duplicate global note of the same form as the Global Note on the condition that:
- (i) the duplicate global note states it is a duplicate;
  - (ii) the Issuer has received sufficient evidence or security that the Global Note has been lost, stolen, mutilated or destroyed, and the Issuer has received a sufficient indemnification against any loss arising from the issue of the duplicate global note on such terms as the Issuer may reasonably require; and
  - (iii) the mutilated Global Note is handed to the Issuer.
- 10.5 The legal relations between the Participants, Euroclear Nederland and the Issuer shall be governed by the laws of the Netherlands. All disputes in respect of the Global Note and the participations in which it has been divided, shall in the first instance be submitted to the District Court of Amsterdam, which shall have exclusive jurisdiction with respect thereto.

## **11. Prescription**

Claims against the Issuer for the payment of principal of and interest on each Note shall be prescribed 5 years after the due date.

## **12. Notices**

Notices to holders of Notes will be deemed to have been validly given if delivered to Euroclear Nederland for communication by it to the Participants shown in its records as having a share in the collective girodepot of the Notes.

## **13. Applicable Law and Competent Court**

- 13.1 The Global Note and the Notes shall be governed by, and shall be construed in accordance with, the laws of the Netherlands.
- 13.2 All disputes in connection with the above shall in the first instance be submitted to the competent court in Amsterdam, the Netherlands which shall have exclusive jurisdiction thereto.

## THE CREDIT QUALITY OF DUTCH MUNICIPALITIES

The credit quality of Dutch municipalities is similar to that of the State of the Netherlands, due to the statutory and institutional framework that regulates their financial position. Lending to Dutch municipalities is given the same solvency weighting by the Dutch Central Bank as the Dutch central government.

In the Netherlands a close administrative and financial relation exists between the central government and the municipalities, on the basis of which the financial position of municipalities is clearly defined. Consequently, the financial risks municipalities may incur are limited. The relation between the central government and the municipalities is more fully explained below.

The basis for this administrative and institutional relation is contained in chapter 7 of the Constitution of the Netherlands (*Grondwet*). The Municipal Act (*Gemeentewet*), the Allocation of Finances Act (*Financiële-verhoudingswet*) and the Local and Regional Government Financing Act (*Wet financiering decentrale overheden*) are based on the Constitution of the Netherlands and contain more detailed provisions on this relation.

### Financial resources of municipalities

If the policies of the central government lead to changes in the duties and activities of municipalities, then under Section 2 of the Allocation of Finances Act a specification must be given of the financial consequences thereof for the municipalities and the means by which these may be financed must be indicated. In practice, the division of duties between central government and the municipalities as well as the financial resources required are subject to intensive consultation among the central government and the municipalities.

The funding of the expenditure of municipalities depends mainly on the allocation of funds from central government. In 2018, approximately 68.3% of their current expenditure was financed through both specific and general grants from central government. The remaining funds stem from the individual revenues of the municipalities, in particular from local taxes and levies. Municipalities may tap the capital markets in order to obtain funding for their expenditure to the extent that the loans are raised for the benefit of the performance of their public tasks (see also "*Regulations on activities of municipalities on the money and capital markets*" below).

The single largest source of revenue for municipalities are the *specific grants*, which made up approximately 12.3% of total revenue in 2018. These grants are intended to finance specific tasks assigned to municipalities by central government.

In principle, *general grants*, which are allocated through the Municipal Fund, are freely disposable. These grants amounted to approximately 56.5% of total revenue in 2018. The volume of general grants is directly correlated to the volume of the expenditure by the central government.

According to the Allocation of Finances Act, the allocation of funds to municipalities through the Municipal Fund is based on their cost structure and on their financial capacity (*i.e.* their tax base). Allocations to municipalities with a weak social structure and a limited tax base are, for instance, comparatively larger than those to municipalities with a healthy social structure and a stronger tax base.

Finally, own income constituted approximately 31.2% of total revenue in 2018, of which 11.4% is income from taxes. Municipalities enjoy, within certain statutory limits, a larger degree of autonomy in determining the taxes to be levied and their rates. The relevant regulations are laid down mainly in the Municipal Act, Sections 216 - 257.

### Budgetary regulations

These regulations, contained mainly in the Municipal Act and the Tenable Government Financing Act (*Wet houdbare overheidsfinanciën*), and the regulations based thereon, rest on the following principles:

- the budget of a municipality must be balanced; the municipality may only deviate from this principle if it may be assumed that the budget will be balanced in the next few years (Section 189 of the Municipal Act);
- pursuant to the Decree on Budget and Accountability Local and Regional Governments (*Besluit begroting en verantwoording provincies en gemeenten*) municipalities have to report at least five obligatory financial indicators about the financial condition in a special section of the budget and of the annual accounts;

- a medium term estimate for a minimum of three years following the budget year must be made (Section 190 of the Municipal Act);
- pursuant to the Decree on Budget and Accountability Local and Regional Governments (*Besluit begroting en verantwoording provincies en gemeenten*) budgetary risks which may be of substantial significance given the financial position must be specified in a special section of each budget of any given municipality. Interest rate exposure is a case in point; and
- the interest risk for a municipality in connection with refinancing and loans with a fluctuating interest rate in a given year may not be more than a set percentage of the budget (pursuant to the Local and Regional Government Financing Act and the Implementing Regulation Local and Regional Government Financing (*Uitvoeringsregeling financiering decentrale overheden*)).

### **Annual accounts and report**

At the end of each budgetary year municipalities must prepare and adopt annual accounts and an annual report. The annual accounts must be audited by an auditor. The auditor will provide an auditor's statement if the annual accounts give a true and fair view of income and expenses and of the size and composition of capital, income and expenses and balance sheet changes were lawfully realized, the annual accounts were prepared in compliance with the Decree on Budget and Accountability Local and Regional Governments and the annual report is reconcilable with the annual accounts.

### **Regulations on activities of municipalities on the money and the capital markets**

These regulations are laid down in the Local and Regional Government Financing Act and the Decree on Loan Conditions for Local and Regional Government Authorities (*Besluit leningvoorwaarden decentrale overheden*). They are aimed at limiting exposures that result from the municipalities' funding activities. For instance, the volume of short-term funding is thus limited (Local and Regional Government Financing Act, Section 4). Moreover, municipalities may only borrow in Euros (Decree on Loan Conditions for Local and Regional Government Authorities, Section 1). They may not become a party into index-linked loans (Decree on Loan Conditions for Local and Regional Government Authorities, Section 2).

Pursuant to the Local and Regional Government Financing Act municipalities may only enter into derivative transactions if these transactions are entered into for purposes of limiting the financial risks of the municipality. Such transactions may not aim to generate income by running excessive risks. Further rules in this respect have been set by means of ministerial regulations which are built on the principles referred to in the previous sentence. The same principles apply to the investment or the lending of the funds of municipalities to the extent that those investments or lendings are not for the benefit of their public tasks.

### **Supervision**

The supervision of municipalities by the next higher government echelon, the provincial authorities, is aimed at preventing municipalities from having to fall back on the central government as a result of financial imbalances. The supervision includes the following:

- if in the opinion of the provincial authorities the budget of a municipality is structurally out of balance, the municipality will be placed under preventive supervision, which means that its budget requires the approval of the provincial authorities (Section 203 of the Municipal Act). In the event the budget is not approved, the provincial authorities have to approve every expenditure by the municipality (Section 208 of the Municipal Act). If the municipal council should authorise any expenditure which the provincial authorities do not approve, the members of the council who voted in favour of authorising such expenditure may be held personally liable therefore, each or for an equal part, to the municipality. A budget is for example considered to be structurally out of balance by the provincial authorities if a negative general reserve is not eliminated within the period of the medium term estimate (see "*Budgetary regulations*" above);
- debt services of loans taken out by a municipality forms a mandatory part of the budget and consequently has priority over other non-mandatory expenditure. The provincial authorities may order the municipality to pay such debts if the municipality omits to do so (sections 193 and 195 of the Municipal Act).

### **Special provisions**

The legal and institutional framework described above limits the possibility of municipalities running into financial difficulties. Nevertheless, should such a situation arise, the relevant legislation provides for special

measures to be taken by central government to assist the municipality in solving such problems. Therefore, the risk of any municipality defaulting on its debt is limited.

One of the special measures available to central government is that a municipality with a budget which is seriously and structurally out of balance may, provided its revenue is maintained at reasonable level, apply to central government for a supplementary grant out of the Municipal Fund (Section 12 of the Allocation of Finances Act). Municipalities eligible for such grants are subject to strict supervision by both the Ministry of the Interior and Kingdom Relations and the Ministry of Finance.

As appears from the above, one of the most important purposes of the legal framework which regulates the financial position of municipalities is to ensure their credit quality.

Since 1945, no municipality has defaulted on its debt service, which demonstrates the effectiveness of the framework described above.

The credit quality of municipalities is underlined by the solvency weighting applied to loans to municipalities or loans guaranteed by municipalities within the solvency regulations of the European Union. The solvency weighting is the same as that applicable to the central government of the Netherlands.

## TAX WARNING

Potential investors and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes, or income derived from the Notes, may be subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of Notes, or in other jurisdictions in which the holder of Notes is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Notes.

*Prospective investors should carefully consider the tax consequences of investing in the Notes and consult their own tax adviser about their own tax situation. Finally, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.*

## NETHERLANDS TAXATION

### General

*The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution.*

*This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Where the summary refers to "the Netherlands" it refers only to the part of the Kingdom of the Netherlands located in Europe.*

*This discussion is for general information purposes only and is not tax advice or a complete description of all tax consequences relating to the acquisition, holding and disposal of the Notes. Holders or prospective holders of Notes should consult their own tax advisers regarding the tax consequences relating to the acquisition, holding and disposal of the Notes in light of their particular circumstances.*

Please note that the summary does not describe the Netherlands tax consequences for:

- (i) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and
- (ii) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001; *Wet inkomstenbelasting 2001*).

### Withholding tax

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

### Taxes on income and capital gains

#### *Netherlands Resident Entities*

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a 'Netherlands Resident Entity'), any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 16.5% with respect to taxable profits up to € 200,000 and 25% with respect to taxable profits in excess of that amount (rates and brackets for 2020).

### *Netherlands Resident Individuals*

If the holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a 'Netherlands Resident Individual'), any payment under the Notes or any gain or loss realised on the disposal or deemed disposal of the Notes is taxable at the progressive Netherlands income tax rates (with a maximum of 49.50% in 2020), if:

- (i) the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or
- (ii) the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed return (with a maximum of 5.33% in 2020) on the individual's net investment assets for the year (*rendementsgrondslag*), insofar the individual's net investment assets exceed a statutory threshold (*heffingvrij vermogen*). The deemed return on the individual's net investments assets is taxed at a rate of 30%. Actual income, gains or losses in respect of the Notes are as such not subject to Netherlands income tax.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. For the net investment assets on 1 January 2020, the deemed return ranges from 1.7991% up to 5.33% (depending on the aggregate amount of the net investment assets on 1 January 2020). The deemed return will be adjusted annually on the basis of historic market yields.

### *Non-residents of the Netherlands*

A holder of Notes that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realised on the disposal or deemed disposal of the Notes, provided that:

- (i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- (ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

### **Gift and inheritance taxes**

#### *Residents of the Netherlands*

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

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

No gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident of the Netherlands, unless:

- (i) in case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident of the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands; or
- (ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident of the Netherlands.

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

**Value Added Tax (VAT)**

No Netherlands VAT will be payable by a holder of Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

**Other taxes and duties**

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty will be payable by a holder of Notes in respect of (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

## PLAN OF DISTRIBUTION

Under the Programme, Notes may be issued from time to time by an Issuer to any one or more of the Dealers. The Dealers will, in a Programme Agreement to be entered into with each Issuer, agree with each Issuer a basis upon which they or any of them may from time to time agree to subscribe Notes. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. In the Programme Agreement, an Issuer will agree to reimburse the Dealers for certain of their expenses in connection with the maintenance of the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### General

Each Dealer and each Issuer agrees that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Information Memorandum or any related offering material and will obtain any consent, approval or permission required for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. Each Dealer and each Issuer agrees that, in relation to each issue of Notes, it will comply with all applicable laws and regulations as are in force from time to time which are relevant in the context of the issue of such Notes.

### United States of America

The Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws and the Notes may not be offered, sold or delivered within the United States, or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement.

The Notes are subject to U.S. tax law requirements and must be issued and delivered outside the United States or its possessions in connection with their original issuance. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Notes will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(C), or any successor rules in substantially the same form as the rules in such regulations for purposes of Section 4701 of the Code (the "**C Rules**"). Accordingly, the Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance and each Dealer represents and agrees (and each additional Dealer appointed under the Programme will be required to represent and agree) in respect of the Notes that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any such Notes within the United States or its possessions in connection with the original issuance. Further, each Dealer represents and agrees (and each further Dealer appointed under the Programme will be required to represent and agree) in connection with the original issuance of the Notes, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such purchaser is within the United States or its possessions and will not otherwise involve any U.S. office of such Dealer in the offer and sale of the Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the C Rules.

Each Dealer has agreed that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Issuing and Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issuing and Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 903 of Regulation S, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Accordingly, neither such Dealer, its affiliates (if any) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to Notes, and such Dealer, its affiliates (if any) and any person acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer agrees that, at or prior to confirmation of sale of



Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered and sold within the United States or to or for the account or benefit of U.S. persons as defined in Regulation S under the Securities Act (i) as part of their distribution at any time or (ii) otherwise until forty days after the completion of the distribution of the tranche of Notes of which such Notes are a part, as determined and certified by [*name of relevant dealer or dealers, as the case may be*], except in either case in accordance with Regulation S under the Securities Act."

Terms used in the above paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it has not entered and will not enter into any contractual arrangements with respect to the distribution or delivery of Notes except with its affiliates (if any) or with the prior written consent of the Issuer.

### **United Kingdom**

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

- (a) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not, or in the case of the Issuer would not, if it was not an authorised person, apply to the Issuer; and
- (b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **MIFID II product governance (target market of professional investors and eligible counterparties only)**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

## **GENERAL INFORMATION**

### **Authorisation**

The establishment of the Programme and the issue of Notes under the Programme will have been duly authorised by each Issuer. The Issuer will confirm that all consents, approvals, authorisations or other orders of all regulatory authorities required of the respective Issuer have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Notes.

### **Documents Available**

The Issuers will, through the Issuing and Paying Agent for the Notes, during an offering period to any investor to whom a copy of this Information Memorandum was delivered or thereafter to any person who holds Notes provide, without charge, upon the electronic request of such person, an electronic copy of any or all of the following documents:

- (i) the General Programme Provisions dated 12 May 1998 and amended on 4 January 1999, and further amended on 1 December 2002, 1 February 2012, 2 November 2015, 3 July 2017, 1 April 2019 and 16 July 2020, and as may be further amended from time to time;
- (ii) a copy of this Information Memorandum; and
- (iii) any future Information Memoranda or supplements to this Information Memorandum and any other documents incorporated herein or therein by reference (except for Global Notes comprising Notes not held by such person).

and, where appropriate, English translations of any or all such documents. Electronic requests for such documents should be directed to [BO.Settlements@bngbank.nl](mailto:BO.Settlements@bngbank.nl) as long as BNG Bank N.V. acts as Issuing and Paying Agent.

## **ISSUING AND PAYING AGENT**

**BNG Bank N.V.**  
Koninginnegracht 2  
2514 AA The Hague  
The Netherlands

## **ARRANGER**

**BNG Bank N.V.**  
Koninginnegracht 2  
2514 AA The Hague  
The Netherlands

## **DEALERS**

**ABN AMRO Bank N.V.**  
Gustav Mahlerlaan 10  
1082 PP  
Amsterdam  
The Netherlands

**Coöperatieve Rabobank U.A.**  
(Rabobank)  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**ING Bank N.V.**  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

## **LEGAL ADVISER TO THE ARRANGER**

**NautaDutilh N.V.**  
Beethovenstraat 400  
1082 PR Amsterdam  
The Netherlands

## **ADVISER TO THE DUTCH MUNICIPALITIES**

**Vereniging van Nederlandse Gemeenten**  
Nassaulaan 12  
2514 JS The Hague  
The Netherlands